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Published for British Information Services by
Her Majesty's Stationery Office, London
Annual subscription including postage and index £11.54

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GOVERNMENT AND ADMINISTRATION

By-elections

In the first by-election for the United Kingdom Parliament since the general election the seat was retained by the Labour Party. A by-election for the European Parliament has also taken place, and the seat was won by the Conservative Party.

UNITED KINGDOM PARLIAMENT

The Labour Party retained the seat at Manchester Central in a parliamentary by-election on 27 September, the first to be held since the general election in May (see p 115). The seat became vacant when its holder, the former Labour Cabinet minister Mr Harold Lever, MP, was given a life peerage in Mr James Callaghan's resignation honours list. The Labour candidate, Mr R. Litherland, won by a majority of 5,992.

The results were as follows:

R. Litherland (Labour)	7,494
A. Parkinson (Liberal)	1,502
S. Lea (Conservative)	1,275

Three other candidates each received less than 500 votes. They and the Conservative candidate lost their deposits; 33·4 per cent of the electorate voted.

The state of the parties in the House of Commons is now as follows:

Conservative	337
Labour	267
Liberal	11
Scottish National	2
Plaid Cymru (Welsh Nationalist)	2
Official Unionist (Northern Ireland)	5
Democratic Unionist (Northern Ireland)	3
United Ulster Unionist (Northern Ireland)	1
Ulster Unionist (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	1
Independent (Northern Ireland)	1
TOTAL	631

The four remaining seats are held by the Speaker of the House of Commons and his three deputies who do not vote except in their official capacity in the event of a tie. The Government majority over all other parties is 43.

EUROPEAN PARLIAMENT

A by-election for the European parliamentary constituency of London South West was held on 20 September, the seat being won by the Conservative Party candidate. The result was as follows:

S. Roberts (Conservative)	41,096
T. Hart (Labour)	32,632
C. Mayhew (Liberal)	23,842

Two other candidates who polled 2,135 votes between them lost their deposits. The turnout was just over 19 per cent of the electorate.

Miss Roberts had won the seat at the election in June (see p 143), but was disqualified because, as a member of the Occupational Pensions Board at the time, she held an office of profit under the Crown, contrary to electoral law.

Of Britain's 81 seats in the European Parliament 60 are held by the Conservative Party, 17 by the Labour Party, one by the Scottish National Party and three by parties in Northern Ireland.

UK/Irish Talks and Security

Agreement on further co-operation to combat terrorism has been reached in talks between ministers of the Governments of the United Kingdom and of the Irish Republic. The discussions also covered prospects for political progress in Northern Ireland and cross-border economic co-operation. Sir Maurice Oldfield has been appointed Security Co-ordinator in Northern Ireland.

UK/IRISH TALKS

Talks were held in London on 5 October between Mr Humphrey Atkins, Secretary of State for Northern Ireland, and Mr Michael O'Kennedy, Minister for Foreign Affairs in the Irish Republic, and Mr Gerard Collins, the Irish Minister for Justice. Also present were Sir Kenneth Newman, Chief Constable of the Royal Ulster Constabulary (RUC), and Mr Patrick McLaughlin, the Commissioner of the Irish Garda.

A joint communiqué issued after the meeting said:

'The security situation and the general political situation in Northern Ireland were discussed. In relation to security, ministers reviewed progress in the development of proposals, discussed on 5 September between the Prime Minister and the

Taioseach, for a substantial improvement in the joint efforts of the two countries to stamp out terrorism [see p 260].

'On security co-operation both sides reaffirmed their common commitment to the eradication of violence. They agreed on a series of measures which they were satisfied would enhance the effectiveness of their common campaign against violence and their already extensive co-operation. The new measures are designed to inhibit the movement of terrorists on either side of the border and their ability to exploit that border, whether to commit criminal acts or to evade arrest. They include measures in relation to more intensive patrolling on both sides of the border and improved co-ordination and communications between their security forces. It was agreed that an urgent study would be carried out jointly by the heads of the police forces to develop greater co-operation and expertise in a number of areas of police operations. In the interest of maximum effectiveness it was decided that operational details of the measures which were discussed and agreed would not be made public.

'The ministers stressed that their common interest in countering terrorism was not limited to the border area and informed each other of developments in their respective jurisdictions. Ministers also welcomed the decisions of both Governments to increase the strength of their respective police forces.

'The ministers agreed that every effort should be made to make fuller use of the 1976 extra-territorial legislation which allows terrorist suspects to be brought to trial in one jurisdiction for offences committed in the other.[1] They recognise the crucial importance of evidence in securing convictions and expressed confidence that the general public on each side of the border would give all aid and assistance to the Garda and the RUC in their common task of protecting the community.

'The ministers also discussed the prospects for political progress in Northern Ireland. They noted that the Secretary of State was engaged in continuing private talks with political leaders in Northern Ireland, and that in the light of these the British Government hoped before long to be in a position to put forward positive proposals for political development. The Irish ministers emphasised the importance of an early initiative leading to acceptable political institutions which both sections of the community in Northern Ireland could support and sustain.

'Ministers reviewed the progress on cross-border economic co-operation and expressed their joint determination to continue to co-operate in the interests of the economic well-being of the people of the border regions.

'It was agreed that ministers would continue to meet from time to time to review developments in all of these areas.'

APPOINTMENT OF NORTHERN IRELAND SECURITY CO-ORDINATOR

The Government has appointed Sir Maurice Oldfield as Security Co-ordinator in Northern Ireland with effect from 8 October. Sir Maurice will assist the Secretary of State for Northern Ireland in improving the co-ordination and effectiveness of the fight against terrorism. He will be based in Northern Ireland and will be supported by a joint staff drawn from the Royal Ulster Constabulary, the Army and the Civil Service which will be operational 24 hours a day. He will be a full member of the Secretary of State's staff.

Government Policy

In a statement on security issued on the announcement of Sir Maurice's appointment, the Northern Ireland Office said that the bravery and increasing effectiveness of the Royal Ulster Constabulary and the courage and professionalism of the Army had together brought about great progress in dealing with terrorism in Northern Ireland. The Government was determined to give the security forces the maximum possible support. The relevant defence and 'law and order' public expenditure programmes had been exempted from the Government's recent cuts in public spending (see pp 144 and 179) and a further increase of 1,000 men had been authorised for the Royal Ulster Constabulary (see p 259).

The Government intended to maintain and increase the pressure by the security forces on the terrorists so as to bring them to justice. The Government had no doubt that its determination to defend the citizens of Northern Ireland against terrorism, murder and violence by upholding the rule of law was totally supported by the vast majority of people in Northern Ireland, irrespective of their religious and political differences.

Security objectives, political and constitutional development and economic and social policy interacted on each other in Northern Ireland and needed to be carefully linked so that each was pursued consistently with the others. The aim of the Government's security policy continued to be the elimination of terrorism and the extension of normal policing throughout Northern Ireland. This policy would continue to be implemented through the application of the machinery of law and order. The Army would continue to operate in support of the police, and the Royal Ulster Constabulary and the Army would remain under the command of the Chief Constable and the General Officer Commanding respectively.

[1]The Criminal Jurisdiction Act 1975, which empowers courts in Northern Ireland to try persons accused of committing terrorist offences in the Irish Republic, was brought fully into operation on 1 June 1976 when reciprocal legislation in the Irish Republic also came into force.

EXTERNAL AFFAIRS AND DEFENCE

British Foreign Policy

British policy on Southern Africa, the Middle East, Indo China, East-West relations, nuclear arms control, energy problems, and the North-South Dialogue was outlined in a speech delivered to the United Nations General Assembly on 25 September by the Secretary of State for Foreign and Commonwealth Affairs, Lord Carrington.

In his introductory remarks Lord Carrington said that there were now 152 members of the United Nations (UN) compared with 51 when it was first founded. This near tripling of UN membership was largely due to the dissolution of the great colonial empires, and Britain had 'worked with and not against that trend'. Since the 1978 General Assembly the former British territories of Saint Lucia and the Republic of Kiribati had achieved full nationhood, and Britain looked forward to Saint Vincent and the Grenadines joining them in October (see pp 181-2). It remained Britain's policy 'to respect the wishes of the peoples of [its] few remaining dependent territories', and it was for them 'to determine their own future in accordance with the principles of the UN Charter'. Britain would 'continue to give every support and encouragement' to those who sought independence. In particular it wanted 'to bring Belize to secure independence as soon as possible' (see pp 431-2, 1978).

Rhodesia

Turning to the question of Rhodesia, Lord Carrington emphasised that throughout the vicissitudes of the problem Britain had 'never succumbed to the temptation to abandon its responsibilities towards this unhappy country, leaving majority and minority alike to endless war'. The whole approach of the present British Government was based on a determination to fulfil its responsibilities towards the people of Rhodesia. Thus, with the emergence of a black majority administration in Rhodesia following elections in April (see pp 122-3), it determined 'to build on that important step forward so as to make a further effort to bring Rhodesia to legal independence in a context of wide international recognition and acceptance'. Although the Patriotic Front had not participated in the elections, and the constitution under which they had taken place was marred by certain deficiencies, Lord Carrington pointed out that further change would have been discouraged had they been decried and dismissed. There had been a need for 'urgent and imaginative action to exploit the opportunity which had been created to achieve a settlement which would gain wide international acceptance and [Britain hoped] bring an end to the war'.

Britain therefore 'immediately engaged in an extensive series of consultations with all the parties concerned with the conflict in order to identify the elements for a solution'. These had resulted in two main conclusions: first, a 'general recognition of the extent of the changes which had taken place in Rhodesia, despite the shortcomings of the Salisbury constitution'; and secondly, 'the unanimous conviction that there should now be a further attempt to involve all the parties to the conflict in an attempt to find a solution; and that any solution should emanate from Britain as the responsible power'. It was at the next stage, Lord Carrington continued, during the Commonwealth Heads of Government Meeting in Lusaka in August, that the foundation of Britain's present approach was laid when its proposals for a settlement were 'discussed and endorsed by a very important cross-section of the world community' (see pp 217 and 222). The essence of the Lusaka agreement on Rhodesia 'was the acceptance by the Commonwealth of the British Government's constitutional responsibility to grant legal independence to Rhodesia on the basis of genuine majority rule'.

Referring to the present negotiations with the Salisbury parties and the Patriotic Front (the Rhodesia constitutional conference – see pp 262-3 – opened in London on 10 September), Lord Carrington said that the British Government continued to be guided by the principles defined at Lusaka. Its first task had been to 'seek agreement on an independence constitution comparable with the constitutions on which [it had] granted independence to other former British dependent territories'. This was not an easy task but the Salisbury parties had agreed in principle to the British proposals on the constitution, and significant progress on certain points had been made in discussions with the leaders of the Patriotic Front. Lord Carrington emphasised that all parties 'must sustain their efforts to continue the momentum of the conference if the gains so far made are not to be eroded'. A heavy responsibility would lie on 'any who fail to respond to this opportunity to achieve for the people of Rhodesia

a fair settlement which will bring international acceptance and an end to the war'. While not underestimating the difficulties which remained, Lord Carrington hoped that 'the moment may not be too far away when the British Government and Parliament will be able to grant legal independence to Rhodesia on the basis of genuine majority rule'.

Namibia

Continuing his survey of British policy in Southern Africa, Lord Carrington said that Namibia was another territory where it was necessary to find an internationally acceptable solution through free and fair elections and not through bloodshed. The five Western powers (Britain, France, the Federal Republic of Germany, Canada and the United States), in close touch with the UN Secretary-General, were pressing on with the search for a solution which would open the way to the arrival in Namibia of the United Nations Transition Assistance Group (see pp 152-4). The discussions were now concentrated on the detailed arrangements for a demilitarised zone (on both sides of the Namibian and Angolan border) which would need to be carefully worked out by the parties. Britain's aim was to achieve 'early and complete agreement so that a date can be fixed for a ceasefire and the beginning of the transition to independence'. Given goodwill and flexibility on the part of all concerned, Lord Carrington added, this goal should not be impossible to attain.

South Africa

Although Rhodesia and Namibia were the immediate issues in Southern Africa, Lord Carrington said that in the longer term the stability of 'this troubled region' depended on South Africa. Britain shared the international community's distaste of apartheid, which was neither just nor workable, but doubted whether threats and isolation would bring about the changes that everyone wished to see. The better course would be to accept that South Africa's plural society gave rise to unprecedented problems and to offer help to the leaders of all races to work together to find just solutions. 'Otherwise', Lord Carrington added, 'the future promises only violence and misery for all the people of South Africa, whatever their race.'

Middle East

On the Middle East, Lord Carrington said that the British Government greatly welcomed what had been achieved through the process begun at Camp David (see pp 352-5, 1978, and pp 91-2) and it hoped that the continuing negotiations would 'lead to transitional arrangements which will lighten the burden of occupation in the West Bank and Gaza and help to create a climate of confidence and co-operation in practical matters'. The ultimate goal, however, remained a comprehensive settlement involving the effective application of Resolution 242 in all its parts, namely acceptance by all parties of Israel's right to live in peace with its neighbours within secure and recognised boundaries, and the withdrawal of Israel from territories occupied in 1967.

Lord Carrington observed that a broad international consensus recognised that Resolution 242 was incomplete in that it took no account of the legitimate political rights of the Palestinians or their belief that they were a separate people with a right to their homeland. This was an area where Resolution 242 needed to be supplemented. He continued: 'My Government believe that a settlement which does not command the broad assent of the Palestinian people cannot last. But, if the Palestinians are to exercise the right to determine their own future as a people, this must be in the context of a negotiated peace settlement which guarantees Israel's right to a peaceful and permanent existence within secure borders. Only if both parties recognise the legitimate rights of each other will it be possible to achieve the durable peace which all the peoples of the Middle East so desperately need.' (See also pp 91-2.)

The British Government hoped also that all parties would 'avoid doing or saying anything to make it harder to establish the minimum trust without which successful negotiations would be impossible'. Lord Carrington therefore called on the Israeli Government to cease its policy of settlement in occupied territories and deplored the recent decision to allow Israeli citizens to buy land in the occupied territories. Israel's present policy prejudiced the chance of progress in the autonomy talks and made the achievement of a comprehensive settlement much more difficult. Similarly the Foreign Secretary said that, while Britain understood the Israeli Government's preoccupation with security, it urged the Israelis to refrain from their present policies in south Lebanon which were undermining the authority of the Lebanese Government and frustrating the efforts of the United Nations Interim Force in Lebanon (UNIFIL) to fulfil its mandate.

Indo China

Another area of dangerous tensions, Lord Carrington continued, was Indo China where suffering due to natural causes had been made worse by the regimes which had taken power in 1975. Referring to the Vietnamese refugees, Lord Carrington said that the Vietnamese Government had driven so many people to flee its shores that the problem had become one of international concern. As a result of the Geneva Conference, called through a British initiative to discuss the question (see pp 224-8), a start had been made on resettling the refugees who had not perished. The British Government fully understood the problems faced by Hong Kong and the states in South-East Asia where the refugees had arrived. The problem, however, was likely to remain until the Vietnamese Government stopped bearing down harshly on elements of its population. The Foreign and Commonwealth Secretary hoped that that Government would abide by the undertakings it had given in Geneva about future action.

The most serious problems in Indo China were perhaps to be found in Cambodia which had been subjected to 'years of suffering' by the Pol Pot Government whose human rights record was among the worst of any country in the world. Britain had been among the first to draw attention

to it. Lord Carrington recalled that Cambodia had then been 'brutally invaded' by Vietnam's armed forces and was now prey to starvation while fighting continued with the occupying forces. He went on: 'Unless those on the spot allow large-scale relief operations to start soon, the people of Cambodia will face yet another catastrophe. Food must get to these people soon, and those who want to help should not be asked to pay a political price for being allowed to do so.'[1] In Britain's view, the Cambodian people had 'the same right as any other to live in peace under a government freely chosen by itself'. Stability and peace in South-East Asia would not be possible without a settlement in Cambodia.

East-West Relations

Lord Carrington reminded the General Assembly that possible sources of tension remained in Europe where the maintenance of stable East-West relations was a foremost priority for Britain and its allies, most notably the United States. The British Government welcomed the signature by the United States and the Soviet Union earlier this year of a second agreement on strategic arms limitation (SALT II, see p 187) and hoped that it would soon be ratified. 'That agreement is an example of the kind of detailed and verifiable arms control arrangement that is needed. Mere talk of a desire for peace and co-operation is not enough.'

The Warsaw Pact's military build-up, Lord Carrington said, was 'a matter of serious and legitimate concern to all other European countries'. It had shown 'little willingness to allay these concerns in any practical way'. The West had no alternative but to respond, for otherwise the balance on which détente depended would be lost. The Foreign Secretary also emphasised that détente should not be a principle applied in Europe alone, for if it was to work anywhere it had to work everywhere. The British Government was ready to work for greater confidence, stability and real co-operation but this had to be a two-way process with give and take on both sides. It would be in this spirit that Britain would approach the 1980 Madrid talks on European security and co-operation.

Nuclear Arms Control

Turning to the question of nuclear weapons, Lord Carrington emphasised the need to avoid their spread while at the same time permitting access to the benefits of peaceful nuclear energy. Observing that 111 parties had signed the 1968 non-proliferation treaty, he regretted that it had not won universal adherence, and hoped that further progress could be made before the review conference in 1980. The spread of nuclear weapons could be halted if universal membership of the treaty could be achieved. With regard to the comprehensive test ban treaty being negotiated between Britain, the United States and the Soviet Union, Lord Carrington hoped that when the treaty was completed it would meet the objections 'of those who argue that the non-proliferation treaty discriminates in favour of the nuclear weapons states'. The latter had given assurances to the non-nuclear-weapon states that nuclear weapons would not be used against them.

On conventional arms control, Lord Carrington said that Britain supported the work of the Committee on Disarmament and would continue to take the position that 'measures to curb the nuclear arms race must go hand in hand with measures to reduce conventional weapons.

Energy

The economic background was also grim, Lord Carrington observed, for the large and sudden increases in the price of oil in 1979 had serious and damaging implications for the world economy and would lead to higher inflation and to balance of payments difficulties for many countries. Although the oil-importing developing countries would be the hardest hit, all nations were affected. Noting that the world's reserves of oil were not limitless, Lord Carrington said that it was necessary to reduce consumption. The British Government stood by the recent decisions of the International Energy Agency, the European Community and the Tokyo Summit in this respect (see p 198) which should reduce the demand for oil and encourage the development of other sources of energy. The problems, however, could not be solved in isolation, for 'in energy, almost more than anywhere else, the world is one world'. There needed to be joint consideration of world energy problems and 'closer contacts between those who produce oil and those who import it, whether developed or developing countries'. Britain was ready to consider sympathetically all proposals on this in the hope that agreement could be reached on the way ahead.

North-South Dialogue

Concluding his speech, Lord Carrington said that it was hardly surprising that progress in the North-South Dialogue was slow at a time when both developed and developing countries were striving to stave off the effects of recession. He warned against the creation of new bodies whose primary function would be the exchange of rhetoric. Increased production, and not increased words, would create resources, for without greater production there could be no transfer of resources from rich to poor, whether at home or overseas, through increased aid, trade and investment.

The first priority, Lord Carrington continued, was to bring about the right framework in which more resources could be produced. The British Government had taken steps to reduce public expenditure right across the board for this was inevitable if the British economy was to be put in order and if Britain was to be able to help the less developed countries to achieve prosperity. Britain was no less concerned than others about the large proportion of the world's population that

[1]To assist relief measures in Cambodia the British Government announced on 8 October that it would provide £1 million worth of rice; make a Hercules aircraft available to the International Committee of the Red Cross to assist with food distribution; and, subject to parliamentary approval, provide $5 million for use by international relief agencies. Britain is also contributing about 18 per cent of the £2·5 million which the European Community is making available for essential supplies to be distributed through the relief agencies. A number of British voluntary societies are engaged in providing relief.

was unacceptably poor. Britain was not turning its back on the North-South Dialogue despite the frustrations, for it recognised that in an interdependent world Britain had an economic and a moral interest in bringing prosperity to the poorer nations. The Government had made it abundantly clear that Britain favoured the maintenance of the open trading system and increased overseas investment, and had introduced considerable relaxations in exchange controls (see p 192) which would be of direct benefit to developing countries provided that the climate was right. Increased trade and investment were contributions that could be made now. In due course, Lord Carrington concluded, increased growth would make it possible to provide more aid. There were, however, no easy short cuts, for the road back to prosperity – for North and South – was unlikely to be either easy or short. It would be even harder if each country or grouping tried to make it separately.

Commonwealth Finance Ministers' Meeting

The 1979 meeting of Commonwealth finance ministers was held in Valletta, Malta, on 26 and 27 September under the chairmanship of the Deputy Prime Minister and Minister of Finance of Malta, Dr Joseph Cassar. Following the meeting, a communiqué was issued dealing with the world economic situation, interdependence and co-operation, transfer of resources, the work of the World Bank Group and of the International Monetary Fund, and Commonwealth functional co-operation. The communiqué is summarised below.

World Economic Situation

Ministers discussed problems arising from slow growth, protectionism, international monetary instability, worsening prospects in the world economy, and rising rates of inflation, and particularly their serious effects on developing countries. They noted that recent developments in the energy field and the high cost of capital had aggravated these problems. They expressed 'grave concern at the continuing and aggravated balance of payments problems of many developing countries which seriously impede their already inadequate momentum of development', and emphasised the importance of adequate external finance for developing countries and of sound domestic economic policies. They called for the progressive reduction in protectionist trade measures that inhibit the expansion of exports, particularly from developing countries, and reaffirmed their view that structural change and sustained world economic development were closely linked (see p 356, 1978, and p 219).

Interdependence and Co-operation

Ministers noted that international economic negotiations 'had fallen far short of the aspirations of the developing countries' (see pp 200-1 and 219). They called for the early completion of final arrangements for the establishment of the Common Fund and urged governments and international organisations which had not already done so to pledge voluntary contributions to the 'Second Window' (see pp 92-3). Ministers considered that, 'in the context of the need for increasing self-reliance among developing countries, developing commodity exporting and importing countries should pursue all opportunities for trade among themselves'.

Transfer of Resources

Ministers expressed concern at the prospects for financial flows to developing countries. They stressed that a substantial increase in these resources, particularly concessional flows, was essential for accelerated development, and called upon developed and other countries in a position to do so to increase the flows 'at substantial annual rates in line with international targets'. Noting the important role of multilateral development institutions in this context, they agreed on the need to increase the flow of funds, 'without political conditions', to these institutions. The role of private flows and the need to maintain their volume was also emphasised. Ministers stressed the need for adequate financial mechanisms to facilitate medium- and longer-term structural adjustments.

World Bank Group

Ministers urged that the required approval for the $40,000 million general increase in the World Bank's capital be given within the next few months (see p 401, 1978). They also urged all countries to complete the funding of the current programme (IDA V) without further delay. With regard to the forthcoming programme (IDA VI), they looked forward to a substantial increase over IDA V in real terms, and urged all developed countries and other countries in a position to do so to contribute to this increase urgently.

'Ministers considered that, with increased resources, the World Bank Group should continue its efforts to enhance its effectiveness in meeting the specific needs, particularly in the energy sector, of developing countries. They expressed the hope that programme lending and local cost financing would increase substantially from the levels reached in recent years.' They also urged the World Bank Group and the regional financial institutions 'to be more responsive to the particular needs and difficulties of the least developed countries and of small economies, including middle-income countries'.

International Monetary Fund

While welcoming the recent increases in the resources available to the Fund and the improvements in some of its facilities, ministers invited the Fund to consider further improvements which would provide 'adequate and appropriate financial support to countries which were facing sharp deterioration in their balance of payments'.

'Ministers welcomed the new guidelines on conditionality [see p 357, 1978] in the expectation

that individual domestic, social and political circumstances would be fully taken into account in the Fund's operational policies so as not to dissuade countries in balance of payments difficulties from using Fund resources.' They recommended that the Fund should pay particular attention to the balance of payments problems of small economies and those of the least developed countries.

Commonwealth Functional Co-operation

Ministers noted that the Commonwealth Fund for Technical Co-operation faced the danger of a decline in the level of its operations if its resource problems were not overcome. They recalled that, at Lusaka, heads of Government had recognised the need of the Fund to grow (see p 220). Ministers agreed that all Commonwealth governments should urgently re-examine the degree to which they could contribute to meeting the immediate needs of the Fund and to sustain the level of resources available to the Fund in real terms. 'Looking to the longer term they requested the Secretary-General to examine and put forward for consideration of governments proposals to afford greater stability to the Fund's operations, including proposals for forward pledging and for the establishment of a reserve fund.' They welcomed the decision to establish an Industrial Development Unit within the Fund during 1979-80, and noted that this would require the provision of additional financial resources amounting to £5 million over a period of three years (see pp 90-1).

Referring to a study commissioned by the Commonwealth Secretariat on export financing and to the current international discussions on financing of industrial exports from developing countries, ministers invited the Secretary-General to 'keep the subject under review and bring to the attention of governments, from time to time, such relevant matters as may be appropriate'.

Recalling the extensive devastation caused to Dominica by the recent hurricane, ministers 'pledged themselves to give urgent consideration to providing the maximum possible financial and other assistance in order to facilitate the speediest rehabilitation'.

Science and Technology for Development

Meeting in Vienna from 20 August to 1 September, the United Nations Conference on Science and Technology for Development unanimously adopted a Programme of Action designed to maximise the capacity of all countries, and particularly those in the Third World, to develop, absorb and use science and technology for the benefit of all their peoples. The Conference was attended by representatives from over 140 countries, Britain's delegation being led by the Minister for Overseas Development, Mr Neil Marten.

THE CONFERENCE

In adopting the Programme of Action, the Conference made recommendations on three broad areas: strengthening the scientific and technological capacities of developing countries; restructuring the existing pattern of scientific and technological relations to facilitate the fullest possible access by developing countries to technologies that are essential for their development; and strengthening the role of the United Nations in these activities and the provision of increased financial resources. With regard to the last, the Conference requested the UN General Assembly to establish a high-level Intergovernmental Committee on Science and Technology for Development which, among other things, would identify priorities for activities within the Programme of Action, prepare an operational plan for its implementation, and monitor the science and technology programmes of the United Nations system. It would also help to mobilise the resources required to carry out the Programme. Pending the establishment of long-term financial arrangements for promoting science and technology activities in support of development, which are to come into operation by January 1982, the Conference recommended the creation of a voluntary interim fund with contributions of at least $250 million to finance such activities in 1980 and 1981. The General Assembly was also requested to establish a study group to investigate the resources available for science and technology for development.

The Conference failed to reach agreement on a number of recommendations for the Programme of Action, including those related to the role of multinational corporations, supplementary financing for developing national science and technology systems, and increased support to developing countries for the production and marketing of capital goods. These matters were referred by the Conference to the General Assembly.

British Views

Addressing the Conference on 22 August, Mr Marten said that, if it were the wish of the recipient countries, Britain would be happy to devote an increasing share of its bilateral aid programme to science and technology for development. On the same basis, it would welcome a similar development with regard to multilateral aid programmes. More particularly, Mr Marten continued, Britain was considering the possibility of establishing a Technology Transfer Centre to facili tate access by developing countries to the technology they needed. Technology was best transferred by those who were actually using it, and such a centre would be mainly concerned with directing inquiries to other organisations, both government and private institutions, with the necessary knowledge and expertise.

With regard to the Programme of Action, Mr Marten said that Britain hoped that it would fully reflect the diversity of development needs and priorities. It should also be concerned primarily with people, and he pointed to the need to harness the skills of engineers and scientists to the needs and opportunities of development in a

way that would bring benefits to all groups in society.

BRITISH ASSISTANCE

Considerable scientific and technological assistance for developing countries is provided through Britain's aid programme which totalled some £743 million gross in 1978. Almost all aid projects contain some element of science and technology. In addition, recognising that knowledge is transferred most effectively by people, Britain places considerable emphasis on support for research and development activities, providing education and training opportunities, and the development of research and other institutions.

Research and Development

Research and development is assisted by the provision of information, advisory visits overseas by specialists and research workers, facilitating visits to Britain by students and research workers from developing countries, the creation of 'links' between research organisations in Britain and overseas, and financial support for research projects and institutions. There is also an effective transfer of technology under the aid programme with the provision of consultants, feasibility studies and equipment.

To support practical development activity overseas, the resources of many specialist institutions in Britain are called upon. Among these are four special units of the Overseas Development Administration (ODA). These are:

1 The *Tropical Products Institute* which assists developing countries to utilise fully their plant and animal resources. Much of its work is concerned with the quality of produce, with the setting up of new production, the improvement of existing processing, and the marketing of tropical produce. It also covers crop handling, processing, storage, preservation, utilisation, quality control, chemical and physical analysis, standards, sampling and inspection, industrial problems and feasibility studies, and the study of local and overseas markets. The Institute provides an extensive advisory and information service, experts for consultation and secondment overseas, and training in its laboratories for overseas personnel. It also conducts research and development studies into possible new products and processes.

2 The *Centre for Overseas Pest Research* which conducts and fosters research in the control of various insect and certain other animal pests, especially those of international significance affecting overseas agriculture and public health. It promotes technical co-operation in this field and acts as an advisory and information centre to assist overseas governments and other organisations in introducing rational strategies and techniques of pest control. It provides an extensive library and information service and training courses for students both in Britain and overseas.

3 The *Land Resources Development Centre* which evaluates renewable natural resources and makes recommendations for rural development with special emphasis on agriculture, animal husbandry and forestry. Its activities thus include all stages of land resource assessment and development planning from exploratory surveys to detailed development proposals. The emphasis in these activities is on multi-disciplinary studies. It also carries out applied research to assist the classification of resources, gives advice on scientific questions concerned with the appraisal of land resources and development and provides training in related subjects, especially land use planning.

4 The *Directorate of Overseas Surveys* which carries out land surveying and mapping projects for developing countries, provides practical training for cartographers, photographers and photogrammetists, and disseminates technical advice, information and guidance on request. Working closely with local survey departments, it carries out field surveys and mapping for specific projects, including arranging air photography contracts and producing topographical and thematic maps.

The ODA also meets the cost of a number of specialised units engaged on work of benefit to developing countries but administratively part of scientific establishments dependent on other British government departments. These include the Overseas Unit of the Transport and Road Research Laboratory, the Overseas Division of the Building Research Establishment, the Overseas Unit of the Hydraulics Research Station and the Overseas Division of the Institute of Geological Sciences (which is a component institute of the Natural Environment Research Council). In addition, it supports certain other bodies which carry out work of significance to developing countries, such as the centre for Tropical Veterinary Medicine in the University of Edinburgh, the Tsetse Research Laboratory in the University of Bristol, the Overseas Department of the National Institute of Agricultural Engineering, the Industrial Services Unit of the Intermediate Technology Development Group (see also p 291), the Development Planning Unit at University College London and the Unit of Tropical Silviculture in the Commonwealth Forestry Institute (in association with other Commonwealth countries). Support for the Institute of Development Studies at the University of Sussex promotes study of a wide range of development problems, including work in collaboration with the Science Policy Research Unit on the use of science and technology.

The ODA also finances a number of research and development projects carried out on a contract basis by individual researchers or teams, the results of which are freely available to developing countries. On a multilateral basis, Britain supports international centres such as the network sponsored by the Consultative Group on International Agricultural Research, and contributes to research activities by the United Nations Development Programme, the World Health Organisation and other international bodies. Within the bilateral aid programme the provision of feasibility studies and British specialists to work alongside national counterparts is given special importance.

Education and Training

Education and training in science is provided in

Britain under the aid programme in accordance with priorities agreed with receiving countries. Much of this training is directly related to the application of science and technology for development or to developing institutions for that purpose.

The British Council, which has representatives in many countries, arranges places for people nominated by their governments on training courses and study programmes. In 1976-77, 8,500, visitors and students in the fields of agriculture, medicine, science and technology came to Britain under Council auspices. The Council also has 16 scientists on its staff in ten developing countries whose task is to identify, plan and manage programmes and projects in science and technology; other qualified staff are concerned with developments in science education at school level. In addition, it manages exchange schemes in research and development in India and Brazil, and a programme of joint research projects between Indian and British universities

The operations of the Inter-University Council for Higher Education Overseas (IUC), which helps to co-ordinate British help to the overseas universities with which it is associated (now numbering 45 in some 24 developing countries), also embrace science and technology and related research, though they are not confined to this. The IUC recruits staff for service overseas, arranges secondments, develops links between British and overseas universities, helps local staff development, provides senior staff from Britain to act as consultants, external examiners and in other capacities, and offers a consultancy service for academic planning.

Training in Britain is also arranged by the Technical Education and Training Organisation for Overseas Countries (TETOC), but much of its educational and training activity is centred on the development of technical and related institutions overseas. It advises on the development of local staff, institution facilities and curricula, and, with resources mobilised from within other British agencies, arranges for institution-building activities and training programmes. TETOC has assisted in such activities in subjects as diverse as agricultural education, agricultural extension training, technical education, training to support various production and service sectors, public administration and development of management in public enterprise.

Institution Building

The creation of viable national science and technology institutions in developing countries has for long been an important component of the British aid programme. Assistance takes the form of buildings (offices, laboratories, workshops and houses) and equipment as well as the services of specialised staff who help with teaching and training, curriculum development and research. Staff of overseas institutions are often invited to attend training courses in Britain (or elsewhere). Special emphasis is given to the institutional needs of the poorest countries, particularly those of relevance in the rural sector. In addition to calling on the expertise available in British industry and in universities and colleges, specialist staff concerned with developing country problems are maintained at government technological and scientific establishments. These cover such areas as land resources, pest research, veterinary medicine, agricultural engineering, products of natural resources, transport and roads, building, hydrology, hydraulics, nematology, plant pathology, biometrics, technical education and training and rural extension.

Intermediate Technology

Under the aid programme, Britain has recently intensified its promotion of intermediate technology, government support for this now amounting to some £2 million annually (see also p 433, 1978). In particular, in 1978, it helped finance the establishment of a new unit within the Intermediate Technology Development Group, a non-governmental organisation based in London but with worldwide links. The objective of the new unit, Intermediate Technology Industrial Services, is to assist in the establishment in developing countries of production facilities which create employment by using local resources to meet local demands. It attempts to bridge the gap between research into intermediate technology and the practical application of the researchers' findings and helps with the risks involved. Its activities include field-testing and demonstrating technologies overseas, establishing pilot plants, the development and adaptation of technologies on which research has been successfully completed, market studies and the dissemination of information.

Exchange of Information

The British Council disseminates information and acts as a focus, through its overseas offices, for inquiries about abstracting and indexing services and scientific and technical journals. The Council's Library Development Scheme supports local training activities and the development of national library and information services which benefit the scientific and technological communities. Of the institutions currently receiving books under the Council's Books Presentation Programme 15 per cent are involved in providing support for industry or technology; 4 per cent for pure science; 21 per cent for rural development, agriculture, or natural resources; and 15 per cent for medicine or public health. Subsidised textbooks are made available to 80 developing countries through the Council's English Language Book Society. (See also pp 14-16.)

The Overseas Photocopy Service of the Lending Division of the British Library provides extremely rapid access to scientific and technical information. Overseas requests, rising rapidly, are approaching half a million a year and 70 developing countries make use of the facility. Similarly, the British Patent Office has long-standing arrangements with numerous countries to supply patent documentation on an exchange and grant basis for use in industrial property offices, universities and libraries. Other centres in Britain, like those maintained by the ODA (see p 290), also

make information on the use of science and technology for development available to developing countries.

Private Assistance

Outside the British aid programme there are a number of links between British institutions and similar bodies in developing countries, to their mutual benefit. Industry buys and sells technology. British companies participate in the transfer of technology to developing countries by providing jobs, arranging training, establishing research laboratories in developing countries (staffed wherever possible by local scientists and technicians) and in other ways associated with both the production of goods and the provision of services. Similarly, universities and professional bodies in Britain collaborate closely with institutions overseas, while voluntary agencies assist the development of intermediate technology.

ECONOMIC AND SCIENTIFIC AFFAIRS

Chancellor's Speech at International Monetary Fund Meeting

The Chancellor of the Exchequer, Sir Geoffrey Howe, addressed the thirty-fourth joint annual meeting of the International Monetary Fund (IMF) and World Bank in Belgrade on 3 October. Sir Geoffrey emphasised that the conquering of inflation was vital for a resumption of steady, sustainable growth and mentioned the firm commitment of the British Government to a strict monetary policy. He was confident that the IMF and the World Bank would continue to serve the international community well and he felt that the proposed substitution account in the IMF would help to stabilise exchange rates. The Chancellor stressed that an improvement in the economic performance of the industrial countries was necessary for the raising of living standards in the developing countries.

Economic Philosophy

Sir Geoffrey began by saying that, whether in seeking principles to guide Britain's international relations or in looking for ways of improving Britain's economic performance, he was predisposed to favour the 'libertarian' approach. By this he meant the philosophy which allowed the maximum freedom to develop economic potential within the necessary framework of order. He believed that this concept of freedom within the law could provide as sound a foundation for economic policy as it did for human and social relations. It was the basis of policy by which the new Government intended to set the British economy onto a better path.

Inflation

Sir Geoffrey said that the necessary framework of order had to include, as almost its highest priority, the provision of a currency that was a reliable store of value. A sound and stable medium of exchange was a prerequisite of economic order. For this reason the Chancellor welcomed the statement by the Managing Director of the IMF that the most troublesome aspect of the economic situation in the great majority of member countries was the persistence or worsening of inflation. If there was to be any firm prospect of resuming steady, sustainable growth, Sir Geoffrey said, this fundamental problem needed to be tackled with the firmest possible resolve. High inflationary expectations were now dangerously entrenched: there was a need both to reduce inflation significantly from current levels and to convince people that such a reduction would be sustained.

Sir Geoffrey recalled that during the post-war years, in Britain as in many other countries, much emphasis had been placed on demand management as making the major contribution to steady, sustained growth. However, whatever success may have been attributed to demand management in times of low or moderate inflation, it had been seen to have been a less and less appropriate response in situations of low growth but high inflation. Today the need was for a much greater concentration on the fight against inflation and on an improved performance on the supply side of the economy.

In retrospect, he went on, it could be seen that the 1970s were the years in which inflation really became established. Inflation was rising sharply even before the increases in the price of oil in 1973-74 and it was rising again before the oil price increases in 1979. It looked for a time as though some of the most severe apprehensions about developments after the quadrupling of the price of oil in 1973-74 were not justified; the financial system did at least survive. The situation nevertheless called for adjustment to a long-term worsening in the terms of trade of many industrial countries, although sometimes there was too much financing of deficits and not enough adjustment. That weakened the impulse to adjust domestic costs and so helped to accommodate inflation. This must not be allowed to happen again, Sir Geoffrey warned. The link between oil and inflation must be severed, and people must accept that increased prices of energy had to be met by cutting spending on other things and not by demanding ever higher incomes.

The Chancellor went on to say that, although experience had varied from country to country, this year's IMF annual report also suggested that the main reason why policy in recent years had not produced satisfactory results was because governments had often paid lip-service to the need for monetary restraint without actually implementing it. Annual rates of monetary expansion in the main industrial countries had remained in double figures in every year since 1975.

Another damaging influence had been the belief in some quarters that a regime of floating exchange rates in some way immunised countries

against external constraints and reduced the need for domestic financial prudence. This had never been the case; the idea that countries could spend their way out of trouble or that there was some relatively painless way out meant, not surprisingly, failure to see or accept the crucial need for realism.

National failures of this kind, said the Chancellor, had been the most significant cause of international instability in the exchange markets. Inflation had a large share of the responsibility for this instability and for the rush, internationally as well as domestically, into assets regarded as a good store of value. The fight against inflation was, at heart, the fight for greater currency stability.

British Economic Policy

The Chancellor explained that the present British Government was firmly committed to policies designed to reduce inflation and inflationary expectations. It was committed to a strict monetary policy in the form of a target increase in the money supply for the current financial year and to a progressive reduction in the size of that target in the years ahead. The Government was making it clear that pay bargaining, if it was to be realistic and not simply to lead to unemployment, had to be conducted with full regard to those monetary limits. Sir Geoffrey pointed out that the Government was also taking care to bring the fiscal stance into line with its monetary policy. The burden of adjustment to a slower rate of growth of the money supply, in the form of high interest rates, would not then all fall year after year on the private sector. The Government had set itself the target of a substantial reduction in the borrowing requirement of the public sector for the current financial year. For future years it would see that the borrowing requirement was set at a level which was consistent with its monetary policy and did not imply excessively high interest rates, with consequent 'crowding out' of borrowing by the private sector.

This meant, Sir Geoffrey continued, that the Government had had to undertake a full-scale revision of its public spending plans. He put forward the view that the burden of public expenditure should be determined by what the nation could afford; higher expenditure on public services should follow and not precede (and thus prevent) growth in the private sector.

The Chancellor explained that, alongside the crucial fight against inflation, the Government had recognised the need for positive action to improve the supply side of the economy, which had been disregarded for far too long. There had been a neglect, in favour of excessive government intervention, of the principles of economic freedom in a framework of order which, Sir Geoffrey felt, had surely contributed to the remarkable material success of most industrial countries in earlier years. The same principles often seemed to guide the most successfully developing countries of the present time.

A major and radical effort was being made in Britain to restore this approach, to enlarge the role of the market and so to allow the economy to develop its potential. Present examples of this included: the dismantling of regulations, such as exchange controls, which had outlived their usefulness, or which produced severe distortions for little lasting benefit, such as controls on pay, prices and dividends; the changing of the tax structure to reduce taxes on income and thus to improve incentives and rewards for risk-taking and innovation; and the rolling back of the frontiers of the public sector from those areas where it had been most burdensome, incompetent or counter-productive.

Sir Geoffrey appreciated that there had been intense debate about the implications of North Sea gas and oil for the British economy. In his view the North Sea made a useful but by no means decisive contribution. It offered an uncovenanted opportunity to restore the economy to health but whether that opportunity was taken or wasted depended to a very large extent upon the way in which Britain responded. The Government certainly intended, said Sir Geoffrey, to make good use of that opportunity.

The Chancellor explained that he had spoken at some length about the British economy both because it was his own most immediate responsibility and also because he was convinced that the greatest contribution to world economic success was for everyone to do their utmost to develop the stability and the potential of their own economies. They would need to take account of the possible impact on each other of their actions and to recognise the international aspects of the problems they faced. However, the principal and most achievable purpose had to be the orderly encouragement of national potential within a framework of international order.

The Role of the International Institutions

Throughout the difficult periods of the late 1960s and 1970s, Sir Geoffrey continued, the IMF and the World Bank, coupled with the GATT, had displayed a prudent and effective combination of flexibility and tenacity. By standing by the principles of ordered economic liberalism they had served the international community well and Sir Geoffrey expressed his confidence that they would continue to do so.

Nowhere was the work of the international financial institutions more important than in adjusting economic relationships between the industrialised and the less developed countries, he went on. This task was now more important than ever. The idea of interdependence served to emphasise, on the one hand, the extent to which the industrialised countries could and should contribute to the economic vitality of the developing world and, on the other hand, to underline the way in which economic growth in the third world added to prosperity in the industrial world. Furthermore, there could be no doubt that better economic performance in the industrialised countries was a precondition for the significant improvement of living standards in the third world. As the World Development Report recognised, low growth in the industrialised countries would add to the risk of poverty in the third world. The Chancellor explained that the creation of wealth was not a process in which the gains of one

country or individual were at the expense of others. This was not just an economic matter but was a matter of political importance as well. Sir Geoffrey recalled that it had been said many times at the conference that the ability to increase aid programmes was 'a matter of political will'. While this was no doubt true, he pointed out that the will was not easily utilised, even in favourable circumstances. He judged that it was impossible to achieve, even in advanced economies, where prosperity was itself in doubt.

That was why, Sir Geoffrey continued, he had emphasised the responsibility of each developed country to do what it could to promote its own prosperity by, among other things, an appropriate response to the effects of increases in the price of oil. He appreciated that these sharp price adjustments had caused great difficulties for the poorer countries of the world as well. Meanwhile, the ability of the industrialised countries to help the poorer ones had been, at least for the time being, diminished.

It was against this background that the institutions had such a pivotal role to play. Fortunately, ample facilities were at present available to the IMF and substantial increases in lending facilities had now been achieved or were in prospect. Sir Geoffrey expressed his hope that the decisions taken in 1978 to increase quotas by 50 per cent would be ratified before too long and come into force. He pointed out that the supplementary finance facility, doubling the amounts available to be borrowed by members under the credit tranches, was now in place but had as yet scarcely been drawn on. Access to the compensatory finance facility (which enabled a temporary shortfall in export earnings arising for reasons beyond a country's control to be met by drawings on the IMF) had just been eased and that, too, would be increased with the new quotas. Finance on this scale should be adequate, the Chancellor felt, but these facilities should certainly be more fully used. He expressed the hope that, now that the rules governing conditionality had been liberalised, developing countries would find it acceptable to work closely with the IMF and exploit to the full the resources now available to help them overcome their problems.

Sir Geoffrey said that the British Government warmly welcomed the recent agreement for an increase of $40,000 million in the general capital of the World Bank. The Government hoped that ratification of this agreement by a convincing majority of the Bank's governors would follow without further problems so that the Bank would have the resources to continue with an expanding lending programme in the years ahead. The Chancellor also welcomed the Bank's intention to undertake an examination of its lending policies, but felt that the Bank had to ensure that its methods of channelling funds to developing countries were fully appropriate to current changing needs.

Sir Geoffrey pointed out that borrowing from the World Bank or from private sources of finance had not been the main support for the low-income developing countries, which had nearly 40 per cent of the population of all members of the IMF. Much more significant to these countries was the scale of operation of the International Development Association (IDA); the British Government reaffirmed its support for a sixth replenishment of the IDA on a scale which would permit continued expansion in its lending to the poorest countries.

The Substitution Account

It was also in this context that proposals for the establishment of a substitution account (whereby countries' holdings of dollars might be exchanged for Special Drawing Rights in the IMF) had been considered. Provided that the practical problems involved in setting it up could be overcome, Sir Geoffrey felt that a substitution account of the kind proposed could in principle make a limited but useful contribution to the stabilisation of exchange rates. The problems were certainly difficult – and might prove intractable – but the Chancellor hoped that they could be approached constructively in a genuine attempt to find a set of arrangements which would work well. He stressed that the account should be seen as fortifying rather than reducing the needs for discipline in each nation's monetary policy.

Meanwhile, the Chancellor continued, it was to be hoped that funds from the private sector to many less developed countries would continue to grow. These should include not only lending for development through the private banking system but also a much wider range of private investment from the industrial countries. Sir Geoffrey had the impression that several of the most successful less developed countries had benefited most from encouraging investment of this kind. Britain had recently made a further contribution in this direction by the relaxation of exchange controls on direct investment overseas.

The Developing Countries

The Chancellor advised that any policy changes which the developing countries might have to make in the difficult period ahead should not be more severe than was absolutely necessary. He expressed the hope that they would use to the full the facilities available to them, in the IMF in particular. Sir Geoffrey believed that, if official bilateral aid, the resources of the international organisations and the money available through the private banking system were all considered together, the need could be met in large measure.

But, he warned, it was necessary to get the balance right. He recalled how, after the first increases in the price of oil at the end of 1973, the commercial banking system played a major and, indeed, an invaluable role. But, he felt, there was perhaps too little co-ordination between flows of funds raised in the private markets and those from the official institutions.

The Chancellor thought that in the months and years ahead the commercial banking system might well be more cautious because of the existing burden of indebtedness from the earlier round of lending. Even so, the role of the private sector would continue to be essential. He believed that, in the interests of developing countries, both the IMF and the World Bank should be looking for more ways of co-operating with the commercial

banks and of facilitating responsible lending by them.

Sir Geoffrey reiterated his view that the resources which the industrialised countries could provide for development aid were conditioned by their economic strength and capacity to pay. As long as the world was, rightly, putting the fight against inflation first, the less developed countries would suffer, not just because the markets for their products were depressed, but also because the strength of the donor countries was growing more slowly. The less developed countries, like the rest of the world, needed the resumption of sustained economic growth. The prerequisite for this was that the inflation constraint which was holding everyone back should be removed.

The Chancellor explained that his insistence on the need to give first priority to fighting inflation did not for one moment mean a neglect of the less developed countries or of the deeply serious problem of unemployment in the industrialised countries. It simply meant, as the Managing Director of the IMF had said, that there was no alternative way of getting back to sustainable growth. Monetary 'stimuli' simply would not work in today's world as inflation produced more inflation and more unemployment and not more growth.

In conclusion, the Chancellor said that it would be wrong to end on too grim a note. The world prospect was disappointing and the difficulties great but there were still reserves of strength and resilience in the world economy. This had been demonstrated in the face of oil shocks and vast payments imbalances. Sir Geoffrey reminded his audience that there was great strength in the forces sustaining activity in many of the world's economies. The market place had shown its resilience and there was also great strength, demonstrated in the disturbed decade now ending, in the IMF and World Bank and in their contribution to world economic order. In the framework of order which they helped to provide, Sir Geoffrey called for everyone to do their utmost to liberate, and so mobilise, the talents of their people.

National Income and Expenditure

Revised figures published in the National Income 'Blue Book' show that Britain's gross national product rose by 14 per cent in 1978 to £143,000 million at current prices. The volume of exports of goods and services rose by over 2 per cent. Personal disposable income (income less tax and other deductions) rose by 16 per cent at current prices, reflecting cuts in personal taxation during 1978, while savings, at 15 per cent of disposable income, continued the high levels recorded since 1974. Real personal disposable income (allowing for price changes) rose by 7 per cent, a recovery from the depressed levels of 1975-77 and the largest year-on-year increase since 1972.

The National Income and Expenditure 'Blue Book' containing statistics of national income, expenditure and output for the years 1968 to 1978, with summary tables back to 1957, was published in September.[1] Prepared annually by the Central Statistical Office, the Blue Book is the standard work of reference for detailed information about Britain's national accounts, providing data about the main aspects of the country's economic activity such as production, consumption, incomes, saving, investment and financing.

National Income

In 1978 Britain's gross national product (the total income of all residents) amounted to £143,000 million. The average per head of population was about £2,540 (compared with £2,240 in 1977). Gross domestic product (GDP – the total value of goods and services produced in Britain) rose by almost 13·5 per cent between 1977 and 1978. The real increase in GDP, shown as the average of income, expenditure and output data, was 2·5 per cent, slightly higher than the average of 2 per cent a year experienced over the last ten years.

Between 1977 and 1978 gross national disposable income at constant market prices (the volume of goods and services available to the nation from its disposable income)[2] rose by 4·5 per cent. This rise was considerably more than the increase in GDP, mainly because world commodity prices fell over this period and the effective exchange rate for sterling rose between these two years. The rise in real national disposable income over the past ten years averaged 1·75 per cent a year, slightly less than the 2 per cent annual growth in GDP.

Expenditure

Percentage changes in the main components of expenditure are shown in Table 1 at both current and constant prices. The volume of consumer spending rose sharply in 1978 after two years of stagnation. Imports rose in volume by 4 per cent in 1978, a much larger increase than in 1977. Exports, however, rose only slowly, following two years of high growth. The volume of fixed investment rose by 1·5 per cent, more than the average increase for the previous nine years but less than the 2·5 per cent increase recorded for GDP. Largely reflecting the improvement in the terms of trade, 1978 was the first year in the last ten years when the increase in the value of exports exceeded that for imports.

Factor Incomes

Income from employment (mainly wages and salaries), the main component of total domestic income, rose by 14 per cent at current prices in 1978, compared with a 10 per cent rise in 1977, 14 per cent in 1976 and 30 per cent in 1975. This trend partly reflects the pay policy introduced in 1975.

[1] *National Income and Expenditure.* 1979 Edition. HMSO, £9. ISBN 0 11 630762 5.

[2] Gross national disposable income at constant market prices is equivalent to GDP at constant market prices, adjusted for the effects of changes in the terms of trade, for net property income from abroad and for net current transfers abroad.

In 1978 gross trading profits of industrial and commercial companies rose by 9 per cent before deducting stock appreciation or by 16 per cent after. The North Sea oil and gas industries increased their contribution towards the company profits total to 14 per cent net of stock appreciation (4 per cent in 1976 and 12 per cent in 1977). The share of company profits in total domestic income after deducting stock appreciation rose to 10 per cent in 1978, an appreciable rise from its lowest share of 6 per cent in 1975, though still slightly below the shares recorded before 1974.

The gross trading surplus of public corporations increased by 6·5 per cent in 1978 (15 per cent in 1977 and 50 per cent in 1976). The figures conceal widely differing performances by the various corporations.

Output at Constant Prices

The output measure of GDP at constant prices rose by 3 per cent in 1978, similar to the rise in 1977. The level of output for 1978 was 4 per cent higher than the previous highest point, which occurred in 1973. Output of the mining and quarrying industries, which includes North Sea oil and gas production, rose by 24 per cent in 1978 and was 111 per cent higher in 1978 than in 1973. Construction output rose by 7 per cent, a partial recovery from the depressed levels of previous years.

Personal Sector Income and Expenditure

Table 2 shows percentage changes at current prices in the components of personal sector income and expenditure. The above-average increases of current grants from general government over the last three years reflect both the commitment to maintain the real value of benefits to persons as well as an increase in the numbers receiving benefit. For both 1977 and 1978, payments of taxes on income and National Insurance and similar contributions rose more slowly than in earlier years, reflecting the tax changes made during these years. As a result of these cuts, personal disposable income rose faster than total personal income during this period. After allowing for the effect of increased prices, real personal

Table 1
Expenditure: Percentage Changes 1968-78

At Market Prices	Current Prices				Constant (1975) Prices			
	1968 to 1975*	1975 to 1976	1976 to 1977	1977 to 1978	1968 to 1975*	1975 to 1976	1976 to 1977	1977 to 1978
Consumers' expenditure	12·8	15·8	14·1	14·2	1·9	0·2	−0·8	5·4
General government final consumption†	17·1	15·8	9·3	12·1	2·7	1·9	−0·9	1·5
Gross domestic fixed capital formation	14·0	14·9	9·8	12·8	1·2	0·4	−2·1	1·5
Exports of goods and services	17·1	30·5	23·4	8·9	5·6	9·1	7·0	2·1
Total final expenditure	14·1	20·4	15·3	12·2	2·3	3·8	1·2	3·3
Imports of goods and services	17·6	26·7	15·5	7·1	3·9	4·0	0·7	4·0
Expenditure GDP at factor cost	13·9	17·9	13·6	13·4	2·0	3·7	1·5	2·4

*Average annual rates.
†Current expenditure on goods and services plus non-trading capital consumption.

Table 2
Personal Income and Expenditure: Percentage Changes 1968-78

	1968 to 1975*	1975 to 1976	1976 to 1977	1977 to 1978
Income from employment	15·2	14·5	10·3	13·6
of which, wages and salaries	14·8	13·0	10·7	14·0
Income from self-employment†	16·4	19·9	8·7	12·5
Rent, dividends and net interest	11·2	15·5	18·1	13·1
Current grants from general government	15·8	24·1	18·3	18·3
Total personal income†	14·9	16·1	11·8	14·0
Taxes on income	18·6	16·2	4·6	7·8
National Insurance etc contributions	17·9	23·2	12·6	5·6
Personal disposable income†	14·1	15·6	13·2	15·9
Consumers' expenditure	12·8	15·8	14·1	14·2
Real personal disposable income	3·1	0·1	−1·6	7·0

*Annual average.
†Before providing for depreciation and stock appreciation.

Table 3
Consumers' Expenditure: Percentage Distribution 1968-78

	1968	1973	1978
Food (household expenditure)	20·7	18·7	18·7
Housing	12·4	13·8	14·4
Alcoholic drink	6·8	7·5	7·8
Clothing and footwear	8·6	8·5	7·7
Running costs of motor vehicles	5·2	5·3	5·4
Fuel and light	4·9	4·2	4·8
Catering (meals plus accommodation)	4·9	4·7	4·4
Tobacco	5·7	4·3	4·1
Travel	3·2	3·2	3·3
Durable goods:			
Cars and motor cycles	3·2	4·0	4·3
Radio, electrical and other durables	2·1	2·8	2·6
Furniture and floor coverings	2·4	2·5	2·3
Other goods and services	19·9	20·5	20·2
Total	100·0	100·0	100·0

Table 4
Total Government Expenditure: Percentage Shares 1968-78

	1968	1973	1977	1978
Main economic categories				
Total final consumption	41·8	43·7	47·2	45·8
Current grants to the personal sector	20·1	21·0	24·5	25·0
Fixed investment	11·9	12·0	7·8	6·1
Subsidies	4·9	4·7	5·4	5·0
Debt interest	9·8	9·0	10·3	10·2
Other	11·5	9·6	4·8	7·9
Main functional categories*				
Military defence	15·0	12·7	12·6	11·9
Education	12·9	14·5	14·3	13·7
National health service	10·2	10·8	12·4	12·1
Social security benefits	20·5	20·3	24·3	25·1
Employment services	0·7	1·0	1·8	1·8
Other	40·7	40·7	34·6	35·4

*Debt interest and non-trading capital consumption are not allocated to the functional categories and are wholly excluded from this table.

Table 5
Government Receipts on Combined Current and Capital Account: Percentage Shares 1968-78

	1968	1973	1977	1978
Direct taxes comprising:				
Personal sector taxes on income	27·1	27·7	30·4	29·5
Employees' National Insurance etc contributions	6·3	6·9	6·7	6·3
Corporation tax	7·6	6·7	5·1	5·6
Other taxes	2·5	3·1	1·7	1·9
Indirect taxes comprising:				
Central government taxes on expenditure	31·2	27·6	26·7	27·9
Employers' National Insurance etc contributions	6·5	7·6	10·0	9·6
Local authority rates	9·2	9·8	8·9	9·1
Other receipts	9·6	10·6	10·5	10·1
Total	100·0	100·0	100·0	100·0

disposable income rose by 7 per cent and was 5 per cent higher than the previous peak recorded in 1974.

Consumers' expenditure increased by 14 per cent in value terms in 1978 to £96,086 million. Table 3 shows the pattern of consumer expenditure in value terms for the years 1968, 1973, and 1978. Certain trends are apparent over the last ten years. Spending on food and clothing has been a declining proportion of total expenditure, as would be expected over a period of generally rising incomes. Spending on housing, however, has increased its share of total expenditure, because of an increase in housing costs relative to the costs of most other items. The slight increase in the share of expenditure accounted for by travel between 1968 and 1978 conceals wide variations within the category; expenditure on rail travel changed only slightly over the period and expenditure on travel by bus and coach fell by 27 per cent, while expenditure on other forms of travel, mainly air travel, rose by 98 per cent. Expenditure on the running costs of motor vehicles continued to rise with expenditure on petrol and oil rising by 4 per cent between 1977 and 1978 in volume terms.

Expenditure on consumer durables is more volatile than for many other items and comparisons between single years do not necessarily indicate trends. Nevertheless, the rise in expenditure on motor-cars and motor-cycles of 30 per cent in volume terms between 1977 and 1978 shows a significant recovery from the depressed levels of spending in the previous four years.

General Government Expenditure

The volume of total government spending on goods and services fell by almost 1 per cent between 1977 and 1978, rather less than the fall of 3·5 per cent between 1976 and 1977. Within this total, expenditure on fixed investment fell by 15 per cent to £3,400 million (at 1975 prices), the lowest total since 1963. The fall in fixed investment over the past few years mainly resulted from the severe cut-back in local authority house building.

By contrast, current expenditure at constant prices rose by 1·5 per cent to its highest ever level. Military defence spending (at 1975 prices) fell to its lowest level in 1978, whereas expenditure on the National Health Service, on education and on social security benefit was higher than that recorded in the previous ten years.

Table 4 shows how shares of government expenditure at current prices have changed between 1968 and 1978. The rise in the share of expenditure accounted for by social security benefits reflects both the increased levels of the payments and, also, some increase in the number to whom benefit was paid.

Table 5 shows how the sources of government revenue, excluding borrowing, have altered over the last ten years. The introduction of a 25 per cent rate of income tax on the first £750 of taxable income and other cuts in personal income taxation, together with the introduction of a new state pension scheme allowing some employees to contract out and pay a lower contribution, reduced the share of direct taxes in government receipts in 1978.

Investment

The volume of fixed investment rose by 1·5 per cent in 1978, reversing the general downward trend of the previous four years. It was, however, still 3 per cent below the volume recorded in the peak year of 1973.

The volume of private sector investment, accounting for 67 per cent of all fixed investment in 1978, rose by 9 per cent in the year, and was 12 per cent higher than in 1973. The volumes of fixed investment by the general government and public corporations sectors fell by 15 and 5 per cent respectively in 1978. Between 1973 and 1978 fixed investment fell by 41 per cent in the general government sector whereas it rose by 10 per cent in the public corporations sector.

The volume of investment in plant and machinery by the private sector rose by 9 per cent in 1978 and was higher than in any of the previous ten years. Investment in dwellings by the private sector has been low in recent years and a rise of 12 per cent in 1978 represented a recovery from low levels. In the general government sector investment in dwellings fell by 11 per cent.

The estimated net capital stock of reproducible fixed assets, in which assets are valued at current replacement cost and after the deduction of capital consumption, was about £500,000 million in 1978, compared with £433,000 million in 1977.

Proposals on Employment Protection Legislation

The Government has published proposals for amendments to the legislation on employment protection, trade union recognition and the provisions which enable pay claims to be referred to the Central Arbitration Committee. It has also made some changes approved by Parliament.

Following publication during the summer of proposals for changes in the law on picketing and the closed shop, and for trade union postal ballots (see pp 201-2), the Government published three further working papers on 25 September, to form the basis for consultation with trade unions, employers and other interested bodies.

Commenting on the proposals, Mr James Prior, Secretary of State for Employment, said: 'The Government believes that some aspects of the legislation are actually operating against the interest of working people by discouraging employers from taking on new people. We want to get the balance right between protection for those who have jobs and the provision of employment for those who haven't.'

Employment Protection Legislation

The paper emphasises that the Government is fully committed to the concept of employment

protection, but states that practical experience in the operation of the legislation has shown the need, while maintaining essential protection for employees, to change certain provisions which bear over-harshly on employers, discouraging recruitment, especially in small businesses, and to make certain adjustments to take account of problems which have emerged.

Unfair Dismissal Provisions

In cases of unfair dismissal, the paper proposes that the onus of proof as to reasonableness of action should be made neutral as between employer and employee, where at present it is up to the employer to satisfy a tribunal that he behaved reasonably.

Since the Industrial Relations Act 1971 it has been considered reasonable that employers and employees should be able freely to enter into fixed-term contracts which provide that at their conclusion the employee will not have the right to bring a complaint of unfair dismissal. At present employees who are taken on for a fixed term of more than two years may, by this means, waive their right to complain at the expiry of the term. It is proposed to permit waivers in fixed-term contracts of one year or more. A further proposal is that the present statutory minimum award of two weeks' pay in compensation for unfair dismissal should be abolished. The basic award should in future be calculated strictly by reference to age and length of service, except that tribunals would have the power to reduce or extinguish the award in cases where the employee had been guilty of a contributory fault, or had failed to mitigate his or her loss, or where misconduct on the part of the applicant had come to light between dismissal and the hearing.

The Government is anxious to ease the burden on small firms of the employment protection legislation, and in particular the unfair dismissal provisions. Certain changes have already been made (from 1 October, see below). Two further changes are proposed: first, to require industrial tribunals specifically to take into account the circumstances (for example, the size and resources) of a firm when deciding whether or not an employer has carried out a dismissal reasonably; and secondly, to exempt new firms with less than 20 employees from the unfair dismissal provisions for the first two years of trading.

Industrial Tribunal Procedure

The paper refers to the tendency for the proceedings of industrial tribunals, originally conceived as an informal and speedy way of settling grievances, to become increasingly longer and more legalistic, and to the widespread belief among employers that cases are not sufficiently sifted before hearing (despite the fact that about two-thirds of all cases are settled by conciliation or withdrawn).

The Government proposes to change the procedural rules of tribunals to give them explicit authority to conduct proceedings in whatever manner they consider most suitable, avoiding formality and without being bound by the stricter rules regarding admissibility of evidence as applied in the courts. On costs, it is proposed that tribunals – possibly at a preliminary hearing – should be able to advise either party, where his case appears weak, that costs may be awarded against him if he continues. It is also proposed that the rule be widened, so that costs may be awarded against a party who brings or conducts a case 'unreasonably'.

Maternity Provisions

The paper suggests that the administrative procedure whereby the six weeks' pay for maternity leave is paid by the employer and refunded by the Department of Employment's Maternity Pay Fund, has been found burdensome by employers. The Government wishes to reduce the administrative procedures to a minimum, and is examining ways in which this may be done within the present structure.

To ease the problems and uncertainties caused to employers by an employee's statutory right to reinstatement after maternity leave, the Government proposes to amend the provision to require the employee to provide in writing the current notifications of her intended absence from work and her intention to return to work, and to provide the second notification at least 28 days before the intended date of return, instead of the present seven days. The employee would also be required to provide an additional notification in writing, not later than six weeks after her confinement, of her intention to return to work. In addition, it is proposed that, on return to work, the employee may be offered suitable alternative employment where it is 'not reasonably practicable' for her to resume her old job – not only, as at present, 'because of redundancy'. It is further suggested that firms with fewer than 20 employees should be exempted from the reinstatement obligations, although liability for notice pay and other termination-of-employment rights would remain.

Guarantee Pay Provisions

An employee is entitled to guarantee pay when not provided with work if he is laid off because of a trade dispute not involving any employee of his employer or of an associated employer. It is proposed that the calculation of entitlement of guarantee pay of up to five days in any one quarter should be based on a rolling period rather than fixed quarterly periods, as at present.

Trade Union Recognition Provisions of the Employment Protection Act 1975

The paper draws attention to the problems and difficulties which have arisen in the operation of the recognition provisions of the 1975 Act. It also notes the concern of the Advisory, Conciliation and Arbitration Service (ACAS) about the effect of its operation of the statutory provisions on its other, voluntary, role in conciliation and the provision of advice. The Government accepts that there is now an urgent need for the statutory procedures on trade union recognition to be changed, in view of the problems encountered in their operation, and raises the question whether it would be better, rather than having statutory provisions, to rely on the ability of ACAS to help to settle union recognition disputes through the

provision of voluntary conciliation and advice, as actually happens in most cases at present.

Schedule 11 of the Employment Protection Act 1975 and the Fair Wages Resolution

Schedule 11 provides for claims that an employer is not observing relevant terms and conditions of employment (which are required to be of the 'general level' observed by other employers in the same industry and district) to be reported to ACAS, and, if not settled by conciliation, referred to the Central Arbitration Committee for formal hearing and award. The Fair Wages Resolution contains broadly similar provisions and applies directly to government contractors, with comparable provision made in practice in most contracts with local authorities and nationalised industries.

The paper suggests that the operation of Schedule 11 has given rise to a number of criticisms – notably, that it has not, as intended, been confined to the elimination of pockets of low pay, and has been used as a means of circumventing the restrictions of pay policy. In a system of free collective bargaining, it is suggested, unilateral access to statutory arbitration, and its extensive use, can hinder attempts to improve arrangements for collective bargaining. Awards for relatively small groups of employees can disrupt agreed pay structures and give rise to claims by other groups of employees; moreover, the procedure for arbitration does not allow consideration of matters such as market prospects, profitability, labour efficiency and prices. In the longer term, the paper argues, the effect of the Schedule could be to reduce competitiveness and threaten employment.

Similar problems, it is suggested, have arisen in certain industries from the application of the Fair Wages Resolution, and it might be questioned how far special protection for the employees of government contractors which is not available to other groups of employees can still be justified. Changes might be considered in the detailed content and application of the Resolution which would meet the essential principles of ILO Convention 94 (1949), ratified by Britain, while mitigating some of the difficulties which have been encountered.

The Government is inviting comments on the matters discussed in the paper, and on possible courses of action, such as the repeal of Schedule 11 or of its 'general level' provision, or the amendment of the Schedule so as to remedy some of its defects. Comments are also being invited on the Fair Wages Resolution and other existing legislation for which any change in Schedule 11 would have implications.

Employment Law Variation

Orders approved by Parliament, which change the law on unfair dismissal and the handling of redundancies, came into force on 1 October. One Order changes the qualifying period of service for the right to complain of unfair dismissal from 26 to 52 weeks. The other reduces from 60 to 30 days the period required for consultation with the trade unions and notification to the Department of Employment on redundancies involving ten to 99 employees. Also, where a union has complained of non-compliance with the consultation requirements, the maximum award that an industrial tribunal can make is reduced from 60 to 30 days.

The British National Oil Corporation

The Government's decision to press forward with plans to give the British public the opportunity to share in the ownership of the British National Oil Corporation was announced by the Secretary of State for Energy, Mr David Howell, on 14 September.

Mr Howell said that the Government had concluded that 'the British public should have the fullest possible opportunity to share the benefits of the nation's oil wealth'. It believed that state ownership of the British National Oil Corporation (BNOC) had not spread these benefits. Accordingly, it was pursuing the objective of 'giving the public the chance to participate directly in BNOC's oil producing business. Various schemes for the introduction of private capital into the BNOC's North Sea operations were being considered but this did not involve at present the BNOC selling separately its interests in commercial fields. Legislation as necessary would be introduced later in the parliamentary session, both for this and for the removal of certain of the BNOC's powers and obligations as he had announced in July 1979 (see p 229).

Mr Howell indicated that the Government had also agreed that the BNOC should negotiate to receive payment in advance from the sale of some of its oil. This would reduce the BNOC's financing requirements and so help the Government to meet its public sector borrowing requirement target (see pp 192-3).

Concorde

A ministerial meeting to review the progress of the Concorde project was held in London on 21 September and among the issues discussed were the decisions to allocate the remaining unsold aircraft to British and French airlines, and financial matters affecting the two Governments.

The following joint communiqué was issued after the meeting:

'Mr Adam Butler, Minister of State in the Department of Industry, and M. Joel Le Theule, French Minister for Transport, met formally on 21 September 1979 in London to review the progress of the Concorde project since the last major review between British and French ministers on

this subject in November 1976 and to provide for its continuance. . . .

'The ministers noted with satisfaction the successful completion by the manufacturers of the authorised production programme of 16 aircraft and 88 engines, the resolution of problems affecting access to the United States and the obtaining of US type certification. They also noted the extent of the Concorde networks which British Airways, with a fleet of five Concordes, and Air France, with a fleet of four Concordes, had now built up in co-operation with third-country carriers [see p 37], with reliable services, steadily increasing load factors and annual utilisation per aircraft in the two fleets of 1,900 and 1,700 hours respectively. Continuing technical support for the aircraft and engines by the manufacturers would be necessary so long as Concorde remained in service with either airline. However, project expenditures were expected to continue to decline substantially for the foreseeable future while income from the sale of spare parts could be expected to rise.

'The British Government had already announced in April 1979 its decision in principle to allocate the two unsold British-assembled Concordes to British carriers.[1] M. Le Theule stated that the French Government had now decided to allocate the three unsold French-assembled Concordes to Air France, as and when needed, within arrangements to be defined on a national level. Against that background the ministers decided that the unsold aircraft and support engines should be placed with the British and French airlines with the full contractual support of their manufacturers, financially backed as necessary by their respective Governments. Measures of a contractual nature to give early effect to this decision would now be taken by British and French officials and by the manufacturers concerned.

'The ministers noted that their decision would enable the aircraft to be exploited with maximum flexibility by British and French carriers, in association with third-country airlines as appropriate. This offered in present circumstances the best means of securing for each country the maximum financial return from the aircraft.

'The ministers studied a complex of financial issues affecting the two Governments, which derived from past inter-company agreements between manufacturers and from inter-governmental provisions of the 1962 Treaty [see pp 1053-4, 1962]. . . . They concluded that the data available at present did not enable them for the time being to arrive at a definitive position on the implementation of the treaty. They therefore decided that British and French officials should pursue their studies in order to determine the extent to which it was possible to arrive at a balance within the meaning of the treaty by the conclusion of the in-service phase. The ministers asked that these studies be completed by the end of July 1980 so as to enable them to take early decisions on the overall financial problems resulting from the implementation of the treaty.

'The ministers also reviewed the prospects for a second generation supersonic transport and took note of the work being done in this field by manufacturers in Britain and France.'

The Post Office

The Government's intention to separate the Post Office into two corporations, one for posts and Giro services and the other for telecommunications, was announced by the Secretary of State for Industry, Sir Keith Joseph, on 12 September. Sir Keith said that the Government would also begin consultations with a view to the early relaxation of the Post Office's telecommunications monopoly.

Announcing the Government's intentions at a press conference in London, Sir Keith noted that it was two years since the Carter Committee had recommended the division of the Post Office into two corporations (see p 354, 1977). He had consulted the Chairman of the Post Office, the Post Office Users' National Council (POUNC) and other interested bodies including the trade unions, and there was 'a broad measure of support for the proposed division', although half of the trade unions immediately concerned would prefer the retention of a single corporation. The Government had concluded that the balance of advantage was 'strongly in favour of implementing the Carter Committee's recommendation'. Sir Keith said that the two main businesses were entirely different and each needed its own independent board free to concentrate on its particular problems and opportunities. The Government agreed with the Carter Committee that separation was 'an essential step towards improving the effectiveness of both businesses'. Legislation would be required to create a new telecommunications corporation and he would present this to Parliament in due course. Meanwhile, he would ask the Post Office Chairman 'to set preparations in hand' so that the transition to the new structure could be as smooth as possible.

Sir Keith said that the Carter Committee had not been convinced that the balance of advantage to the community favoured the continuation of the existing boundaries to the Post Office telecommunications monopoly[1] and the Government shared the Committee's view. The Government believed that 'the Post Office should retain responsibility for providing the main telecommunications network', but that there should be 'greater freedom for the provision of all kinds of added value services on telecommunications circuits', and that, subject to safeguarding the network's

[1]A statement on the future allocation of the remaining British-assembled Concordes was made by the former Secretary of State for Industry, Mr Eric Varley, in the House of Commons on 3 April (*Hansard*, written answers, cols 621-2).

[1]The provision of telecommunications services other than broadcasting is essentially a Post Office monopoly, apart from telephone services in Hull which are operated by the Hull District Council under licence from the Post Office.

technical integrity, it was 'in the national interest to provide greater scope for competition in the supply of apparatus for attachment to the network'. He was therefore starting consultations with the Post Office, the manufacturers of telecommunications equipment, the POUNC, trade unions and others concerned 'with a view to modifying the Post Office's present exclusive rights in these areas'. He intended to announce by early in 1980 detailed proposals for more competitive arrangements.

Shorter Notes

INDUSTRIAL POLICY FOR NORTHERN IRELAND

The Government's intention of continuing to give the highest priority to the encouragement of sound industrial investment projects providing employment in Northern Ireland was made clear by Mr Humphrey Atkins, the Secretary of State for Northern Ireland, in a statement on 18 July. After giving an assurance that assistance, whether in entirely new projects or expansion by existing industry, would remain the most competitive in Britain, he went on: 'I have no proposals to change the forms of assistance available or the levels at which it can be provided. Thus, grants of up to 50 per cent, according to location, will continue to be available for approved projects and government factory building will continue. I have, however, initiated a review of the assistance available to ensure that it represents the most effective instrument for our purposes and that we are getting full value for the resources available', he said. The statement followed an announcement of changes in the Government's regional industrial policy in the rest of Britain on 17 July (see pp 265-6).

Shipbuilding

Government support for Harland and Wolff, the public corporation based in Belfast, is to continue for a limited period, Mr Giles Shaw, Parliamentary Under-Secretary of State at the Northern Ireland Office, said in a written answer to a question in the House of Commons on 23 July (*Hansard*, written answers, cols 30-1).

Mr Shaw said that plans for the company had been formulated in parallel with those for British Shipbuilders (see pp 235-6), in view of the fact that Harland and Wolff faced the same severely depressed market prospects as the rest of the British shipbuilding industry. Some further decline in the shipbuilding workforce was inevitable, though it was of course open to the company to minimise this decline by engaging in diversification wherever possible.

Mr Shaw said that it would be possible, given an all-out effort by all concerned, to achieve improved efficiency and enable the yard to remain in operation. The Government had decided to continue financial support for the company and to make proposals to the European Commission for an intervention fund for subsidies on new orders over the next two years. Strict limits would, however, be imposed on the funding of losses and other expenditure by the company: the overall limit on such funding for 1979-80 would be £22 million.

FRINGE BODIES: WITHDRAWAL OF GOVERNMENT FUNDS

The intention to withdraw government financial support from some 57 fringe bodies sponsored by the Department of the Environment was confirmed by Mr Michael Heseltine, Secretary of State for the Environment, on 17 September. Some of these bodies (popularly described as 'quangos'[1]) will be wound up as soon as practicable, with their functions in certain cases being assumed by other bodies. Others will cease in due course according to plans already in existence. In addition, responsibility for three bodies is to be transferred to the Minister for the Arts, and funds given to the Centre for Environmental Studies are to be run down.

Announcing the changes, Mr Heseltine said: 'When put into effect my decisions will lead to savings of about £1·4 million a year and about 60 staff. They will also result in the abolition of 590 quango appointments.' Thanking those who had contributed to the bodies which will cease to exist, he said: 'In many cases this advice will remain necessary and still be sought, but in a less institutionalised framework. In others, time has overtaken the original arguments for the establishment of the organisation; and in still others, their existence was intended to be only for a limited time, which I do not intend to renew. And again, in some cases, it seems to me right that the advice available to Government should be sought from a wider range of people.'

The bodies affected are as follows:

Bodies to be abolished

Advisory Committee on Bird Sanctuaries in the Royal Parks

Advisory Committee on Housing Co-operatives

Advisory Committee on Trees in the Royal Parks

Ancient Monuments Board for Rescue Archaeology (to be re-absorbed by the Ancient Monuments Board)

Area Archaeological Advisory Committees (13) (residual functions to be performed by the Inspectorate of Ancient Monuments and Historic Buildings on advice from the Ancient Monuments Board)

Clean Air Council

Construction and Housing Research Advisory Council

[1]The generally accepted definition is: 'quasi autonomous non-governmental organisations'. Quangos may have executive and/or advisory functions; their membership may include full-time staff and members serving on a part-time or voluntary basis.

Construction Industry Manpower Board

Detergents and Allied Products: Voluntary Notification Scheme Scrutiny Group

Environmental Board

Hadrian's Wall Advisory Committee (to be reabsorbed by the Ancient Monuments Board)

Housing Associations Registration Advisory Committee

Inland Waterways Amenity Advisory Committee

Location of Offices Bureau

Planning and Transportation Research Advisory Council

Regional Economic Planning Councils (8) (see p 244)

Standing Technical Committee on Synthetic Detergents

Bodies to be retained for the present but which will be wound up in due course

Advisory Panel on Institutional Finance in New Towns

Commission for the New Towns

New Town Development Corporations (16)

New Towns Staff Commission

Committee to Examine the Standards of Lawn Tennis in Great Britain

Recreation Management Training Committee

Body from which funds will be withdrawn

Centre for Environmental Studies

Bodies to be transferred to Minister for the Arts

Advisory Committee on the Purchase of Works of Art

Advisory Committee on Works of Art in the House of Commons

Advisory Committee on Sculpture in the Royal Parks

Another 58 bodies for which the Secretary of State is responsible are to be retained or considered further.

COMPANY ACCOUNTING AND DISCLOSURE

A consultative document containing the Government's proposals for implementing a European Community directive on company accounts was published on 11 September as a Green Paper.[1] The directive is designed to bring about a greater degree of comparability between the accounts of companies prepared in different member states of the Community. Part A of the document deals with the Government's broad approach to the subject of company accounting and disclosure and covers a number of matters, some of which are not directly linked with the directive. Part B sets out the detailed provisions of the directive and the manner in which it is proposed to incorporate them into law. The main proposals concern the classification of companies and the form in which their accounts are to be presented.

It is proposed that there should be a three-tier classification of companies based on turnover, net assets and the average number of employees. The top tier would comprise all companies listed on the Stock Exchange[1] and all other companies which fulfil more than one of these requirements: a turnover of more than £5 million; net assets of more than £2·5 million; an average number of employees of more than 250. The bottom tier would comprise small private ('proprietary') companies and would exclude any companies which fulfil more than one of these requirements: a turnover of more than £1,300,000; net assets of more than £650,000; an average number of employees of more than 50. The middle tier would comprise all other companies.

The document states that the Government intends, in view of the widespread concern about the amount of detailed financial information which has to be disclosed by small private companies, particularly those owned and managed by their directors, to reduce the burden significantly. The amount of information disclosed in a company's accounts would be related to its classification. In the case of medium-sized and small companies the directive makes a distinction, new to Britain, between accounts which are drawn up for circulation to the shareholders and those published (that is, filed with the Registrar of Companies). The document outlines two options for implementing the directive. The first would mean that shareholders would receive significantly less information than they do at present; the second would maintain, approximately, the existing legal requirements for drawing up accounts; in both cases only an abridged balance sheet with no profit and loss account would be published.

The document also poses the questions whether or not medium-sized companies should be required to disclose their turnover, and whether or not certain of the directive's requirements for large and listed companies should also be made obligatory for medium-sized companies. Considering further the disclosures appropriate to large and listed companies, the document proposes a legislative requirement for them to give further details of short-term borrowings, leasing arrangements and pension commitments. Additionally, large companies would be required to include a statement of the source and application of funds in their accounts. Under the provisions of the directive, large companies will be obliged to provide more comprehensive information about their activities than at present required by legislation.

Other items considered in the document include the raising of a monetary threshold for disclosure of turnover from £250,000 to £1 million, proposals to allow companies to adopt current cost accounting procedures if they wish, and the auditing of proprietary company accounts. The Government also expects companies to provide employ-

[1]*Company Accounting and Disclosure: A Consultative Document.* Cmnd 7654. HMSO, £2·50. ISBN 0 10 176540 1.

[1]The Stock Exchange comprises six stock exchanges in Britain and the Irish Republic, with its main trading floor and administration in London.

ees with information about their financial position, but does not intend to introduce a statutory requirement to this effect.

Part B of the document notes that most of the main principles of the directive are already firmly established in British law or accounting practice. Implementation will, however, introduce two new specific aspects into British law: prescribed formats for the form and order in which information is to be disclosed; and rules setting out the valuation and other bases on which these accounts must be drawn up and on which assets and liabilities are to be stated.

The document's general approach is that companies should be allowed maximum flexibility to present information. Member states of the European Community are required to incorporate the provisions of the directive into their national law by July 1980 and to bring these measures into force within 18 months of that time. It is intended that legislation to implement the directive should be introduced in 1980; the Department of Trade requests comments on the consultative document by 31 December.

TACHOGRAPHS

Arrangements for implementing in Britain the European Community's regulation on the use of the tachograph (a device which automatically records a vehicle's speed and distance covered, driving time and stopping periods) in commercial vehicles were given by the Minister of Transport, Mr Norman Fowler, in a speech on 27 September to the conference of the Freight Transport Association in Eastbourne. Mr Fowler said that the Government agreed with the previous Government's decision to accept the ruling of the European Court of Justice (see p 106). He said that the European Commission had pressed Britain to give effect to the regulation in a period which the Government considered to be too short. He had recently discussed this with the European Commission which had now agreed to a longer transitional period than it had suggested originally. Under draft regulations which he had issued earlier that day and had circulated widely for formal consultation, there would be a two-year phasing-in period for the compulsory fitting of tachographs in most goods vehicles over 3·5 tonnes gross weight and in buses and coaches not on regular scheduled services. The most recent vehicles would have to be fitted first, while fitting of the oldest vehicles would be left to last. However, the use of tachographs would not become compulsory in Britain until 31 December 1981, the end of the phasing-in period, except for lorries and coaches used on journeys to other European Community countries and for these vehicles the tachograph would have to be used for the whole journey immediately the regulations came into force. Mr Fowler said that, after considering comments on the draft regulations, he intended to bring his proposals before Parliament later in the autumn of 1979.

TRENDS IN MERGERS

An analysis of the effects of legislation on merger proposals since 1965 is given in an article in *Trade and Industry* of 14 September. The article describes the work of the Office of Fair Trading (OFT) in monitoring merger activity.[1] The Monopolies and Mergers Act 1965 subjected mergers to statutory control for the first time. The Act gave the Board of Trade and its successors the power to examine certain mergers and refer to the Monopolies Commission, which later became the Monopolies and Mergers Commission (MMC), those which appeared to raise issues of the public interest.

The annual number of proposed mergers has increased from 63 in 1966, the first complete year of operation of the 1965 Act, to 133 in 1968 (during the wave of proposals in the late 1960s) and to 229 in 1978. There has been an increase in each year since 1970.

Since the 1965 Act there have been 53 references to the MMC (about 3 per cent of all referable cases). Most were because the proposals involved the acquisition of assets worth at least £5 million. The other criterion for reference is the creation or enhancing of a monopoly position, that is the supply of one-quarter (until 1973, one-third) of the British market for a particular good or service. The MMC found 18 of the 53 proposals to be against the public interest and a further 18 not to be against the public interest. The remaining 17 were abandoned. The article notes that the deterrent effect of mergers policy on the number of merger proposals cannot be measured. It could be greater than might be indicated by the number of abandoned proposals as these exclude bids abandoned after the parties had approached the OFT under the confidential guidance procedure of the Fair Trading Act 1973, in the course of which the OFT can give them a provisional view on the likelihood of a reference to the MMC.

Other matters discussed in the article include: the sectors most involved in merger bids (insurance, banking and finance, the distributive trades and food, drink and tobacco); the rise in 1978 (to one-fifth of the total) in the number of acquisitions of British firms proposed by companies in foreign control or ownership and the substantial increase (to one-third of the total) in the number of proposed acquisitions of assets abroad by British firms; and the growth in the proportion of proposals for diversified mergers (involving integration across industrial sectors) from 12 per cent of the total in 1965-69 to 34 per cent in 1978.

[1]The operation of mergers legislation from the time of the Monopolies and Mergers Act 1965 to mid-1973 was described in an article in *Trade and Industry* of 17.1.74. A full treatment of the administrative procedures can be found in an OFT publication of 1978, *Mergers – a guide to the procedures under the Fair Trading Act 1973*. HMSO, 90p. ISBN 0 11 280016 5.

GOVERNMENT AID TO INDUSTRY

The seventh annual report on the exercise of powers under the Industry Act 1972[1] gives details of government aid to industry in the year 1978-79. (Changes in government policy were announced by the Secretary of State for Industry in July – see pp 265-9.)

Regional development grants in 1978-79 continued to form the largest part of support to industry in the assisted areas; payments totalled £417 million, compared with £393 million in 1977-78. Offers of regional selective assistance to create or maintain employment in the assisted areas totalled £124 million in respect of about 1,100 projects with a capital cost of £1,500 million, compared with £163 million in the previous year. The exchange risk cover scheme for loans from the European Investment Bank (see pp 11-12) has been extended for one year from 1 January 1979. The European Coal and Steel Community announced on 28 March 1979 a £10 million scheme to help employment-creating projects in those parts of the assisted areas adversely affected by reorganisation in the coal and steel industries. In June 1978 it was announced that the selective investment scheme would be extended for one year to 30 June 1979, and the allocation of funds increased to £150 million. By 31 March 1979, 550 applications had been received and interest relief grants totalling £76 million had been offered for 115 projects costing £756 million. Some 1,100 projects under the various sectoral schemes were offered assistance of £103 million during the year. Four such schemes (for instrumentation and automation, drop forging, footwear manufacturing and red-meat slaughterhouses) remained open at the end of the year. Under an energy conservation scheme with an allocation of £25 million, announced in June 1978, a total of 1,110 applications had been received involving investment of some £14 million. Assistance for the shipbuilding and associated industries is also covered by the Act.

The report also deals with the exercise of powers under the Local Employment Act 1972, and expenditure under the Industrial Development Act 1966.

[1] *Industry Act 1972. Annual Report by the Secretaries of State for Industry, Scotland and Wales for the year ended 31 March 1979.* HMSO, £3. ISBN 0 10 220680 5.

INLAND REVENUE STATISTICS 1979

Inland Revenue Statistics 1979[1] contains five sections of statistics derived from Inland Revenue sources: general, personal incomes, company incomes, capital and wealth, and valuation and stamp duties.

Net tax receipts of the Inland Revenue in 1978-79 were £24,075 million. The main components were income tax (£18,769 million, 78 per cent of the total) and corporation tax (£3,940 million, 16 per cent of the total). There were 21·2 million income tax payers (if married couples were counted as one).

In 1976-77 (the latest year covered) there were 5·7 million personal incomes before tax of less than £2,000, 12·6 million between £2,000 and £5,000, 3·8 million between £5,000 and £10,000 and 400,000 between £10,000 and £100,000. There were 500 incomes of £100,000 and over. In the same year there were 8·1 million personal incomes after tax of less than £2,000, 12·8 million between £2,000 and £5,000, 1·5 million between £5,000 and £10,000 and 47,000 of £10,000 and over.

Of the total yield in corporation tax from companies of £2,966 million in 1975 (the most recent year for which a complete analysis is available), £1,168 million was from the manufacturing sector, £686 million from insurance, banking and finance, £309 million from the retail distributive trades and £291 million from the wholesale distributive trades.

Estimates for net personal wealth in 1977 were given for 17 million individuals. A total of 7·1 million had wealth of less than £5,000, 7·9 million between £5,000 and £20,000, 2·2 million between £20,000 and £100,000, 93,000 between £100,000 and £200,000 and 28,000 of £200,000 and over. In 1977 the most wealthy 1 per cent of owners had 15 per cent of identified personal wealth (compared with 17 per cent in 1976 and 18 per cent in 1974).

Total stamp duties in 1977-78 were £376 million. Land and property accounted for £148 million and stocks, shares and debentures for £190 million. Other stamp duties (including capital duty and life assurance policies) accounted for £39 million.

[1] *Inland Revenue Statistics 1979.* HMSO, £6. ISBN 0 11 641027 2.

SOCIAL AND CULTURAL AFFAIRS

Royal Commission on Legal Services

Measures to increase the availability of legal aid and the service provided by advisory agencies and law centres, changes in the manner of calculating and settling legal fees, and improvements in the education and training of lawyers and in the operation of lawyers' practices are recommended by the Royal Commission on Legal Services in its report published on 3 October.[1]

The Commission's broad conclusion is that no fundamental reform in the present arrangements for providing legal services is necessary, but many improvements and changes are needed to ensure that services of a high standard are available for all classes of legal work and to all sections of society throughout the country.

RECOMMENDATIONS

Some of the Commission's main recommendations, which apply to England, Wales and Northern Ireland, are summarised below.

Legal Services

The Commission pointed out that legal services might be offered by a wide variety of organisations and individuals other than lawyers. Thus, while the report concentrates on the services offered by lawyers, it touches on a number of organisations which offer a general advisory service.

Generalist Advice Services

The Commission considered that the legal profession alone could not provide all the advisory services needed by the public and that an accessible and independent national network of basic generalist advice agencies was needed. This service should be provided by the Citizens Advice Bureaux with assistance from public funds. An expansion of the role of these bureaux, which are more widely known and used than any other advice agency in Britain, was recommended. The report suggested that the bureaux should make arrangements locally for referrals to solicitors and law centres, while solicitors and barristers should take part in rota schemes to give advice in bureaux, and salaried solicitors should be seconded to bureaux where the need arose.

Law Centres

The Commission praised the work of law centres [centres in urban areas providing free legal advice] and remarked that they had proved their worth and should be expanded. It considered, however, that the centres operated under a number of disadvantages, one in particular being that they were often dependent for funds on local authorities with whom their work might bring them into conflict. The Commission therefore proposed the establishment of a system of law centres – to be known as citizens' law centres – financed out of central rather than local government funds and administered under approved guidelines by a small agency operating independently of the Government. The main purpose of a citizens' law centre would be to provide legal advice, assistance and representation to those in its locality, with special emphasis on social welfare law.

Duty Solicitor Schemes

The development of duty solicitor schemes [schemes under which solicitors in private practice are available, on a rota basis, to give assistance to defendants in a magistrates' court] by the legal profession was commended and the Commission proposed that the Law Society should take responsibility for introducing such schemes, based on uniform and acceptable standards, in all magistrates' courts and in prisons. Duty solicitor schemes should also include a 24-hour emergency service to provide immediate advice to people taken into custody.

Legal Aid

Having reviewed the history of legal aid, the Commission concluded that the system which has operated since 1950 still provided the best basis for the future provision of legal services funded by public money, but that improvements were needed. It recommended, among other things, that the rules governing eligibility for legal aid should be changed to enable anyone wishing to

[1] *Report of the Royal Commission on Legal Services.* Vol I: Final Report, Cmnd 7648, HMSO, £12, ISBN 0 10 176480 4; Vol II: Surveys and Studies, Cmnd 7648-1, HMSO, £11, ISBN 0 10 176481 2. A summary of the report's main recommendations – *Legal Services and Lawyers* – is published by HMSO, £1, ISBN 0 11 730121 3. The Commission, chaired by Sir Henry Benson, a former President of the Institute of Chartered Surveyors and former member of the Lord Chancellor's Advisory Committee on Legal Aid, was set up in 1976. For its terms of reference, see p 100, 1976.

pursue his or her legal rights to do so without suffering undue financial hardship. Accordingly, there should be no upper limit on personal eligibility for legal aid, the free limits of disposable income and capital should be increased, and the levels at which contributions from assisted people were required should be regularly reviewed.

Half an hour's legal advice and assistance from legal aid solicitors should be available, free of charge, for everyone irrespective of means.

In the view of the report, legal aid should be made a statutory right in criminal courts and should be made available in tribunal cases where legal advice and representation is necessary. (On the subject of tribunals, the Commission considered that procedures needed to be reviewed, and recommended that this be undertaken by the Council on Tribunals under the general oversight of the Lord Chancellor.)

It was suggested that the proposals made for legal aid and the development of law centres should be supplemented by schemes for interest-free loans to encourage solicitors to set up in practice in areas of need.

On the administration of legal aid, the report recommended that ministerial responsibility for all forms of legal aid should rest with the Lord Chancellor. At present this responsibility is shared between the Lord Chancellor and the Home Secretary. The establishment of a Legal Services Council to replace the Legal Aid Advisory Committee was suggested, to keep all forms of legal aid and all legal services under review.

The Legal Profession

Fusion

The Commission was unanimous in its view that it was in the public interest for the legal profession to continue to be organised, as at present, into two branches – barristers and solicitors.

Rights of Audience[1]

It was felt that it would not be in the public interest to allow laymen to appear as advocates on behalf of others in the superior courts, whether or not on a fee-earning basis. Given the present division of the legal profession into two branches and the present structure of the courts, a majority of the Commission saw no reason to make any general changes in the rights of audience of barristers and solicitors.

Conveyancing

The Commission's inquiries into conveyancing [work relating to the sale and purchase of property] were the first general review of the subject for many years. The majority of the Commission considered that for the protection of the public the rights to practise conveyancing should continue, as at present, to be restricted to the legal profession. It recommended the introduction of a system of standard charges for home conveyancing for the guidance of the public and the profession. Competition between solicitors should be promoted by allowing them to advertise conveyancing services and give information to prospective clients to enable them to 'shop around'.

Quality of Service

The Commission found that in general the legal profession provided an adequate standard of service but that there were shortcomings in certain areas. A sustained effort was required to reduce the length of all legal proceedings; written professional standards should be issued by both branches of the profession, and failure to observe them should involve disciplinary proceedings. The Commission felt that there was a need for greater specialisation within the profession to give a better service to the public.

Discipline

The Commission recommended that the Law Society should analyse and publish details of complaints it received from members of the public and should take more effective action when cases of bad professional work were brought to its notice. It also considered that laymen should play a greater role in the disciplinary process.

Advertising

Corporate or official advertising which helped people in finding lawyers to provide the service required was felt to be in the public interest, and wider publicity for publicly funded legal services was recommended. The report considered, in particular, that the existence of referral lists, such as the legal aid solicitors list, should be made more widely known, and it concluded that individual solicitors and firms should be allowed to advertise certain specific information about themselves and their work, under appropriate supervision of the Law Society.

Remuneration and Charges

Having considered the results of remuneration surveys, the Commission found that the remuneration of solicitors and barristers was in line with that of comparable occupations, though little information was available to enable direct comparison to be made with fee-earning members of other professions in private practice.

Numerous recommendations were made concerning lawyers' fees and charges. A solicitor's client should be informed in writing of the basis on which charges were made, and laymen should be appointed to serve on the Law Society committees which assess fees at the request of clients. Further measures to reduce the length and complexity of bills of costs were suggested, and it was recommended that records of time spent on a client's work be kept by both barristers and solicitors. At present, scales of fees used in calculating costs in litigation are settled by more than a dozen committees. The Commission felt that this function should be taken over by a single Fee Advisory Committee, to advise the minister responsible on the remuneration of lawyers in general and scales of fees in particular.

[1]A right of audience entitles a person to address a court of law or tribunal on his or her own behalf, or on behalf of another, other than as a witness.

Education and Training

In education and training both branches of the profession have recently made a number of changes, and more are to come. The Commission's main concern in this area was with the system of in-training for solicitors. The Commission accepted that, if the present system of articles were considerably improved as proposed by the Law Society and recommended by the Commission, training by means of articles would be satisfactory. The Commission doubted, however, whether the necessary improvements could be achieved and recommended a full review of progress in five years. Unless the necessary changes were by then effective the system should be replaced by one of institutional training.

The report proposed that the present Advisory Committee on Legal Education should be reconstituted as the Joint Committee on Legal Education. With regard to finance for education, training and early years of practice, it recommended the provision of mandatory education grants for both the academic and vocational stages of training, the payment of adequate minimum salaries to articled clerks, and a system of repayable grants to pupils combined with the Senate's scheme of support for starters at the Bar by means of a revolving fund providing loans at low interest.

Northern Ireland

The Commission expressed the view that its recommendations in relation to England and Wales should when appropriate be taken to apply to Northern Ireland, subject to necessary modifications.

Further Inquiries

The Commission received a large number of suggestions for improvements in law and procedure which fell outside its terms of reference. So that these suggestions should not be wasted, they are included in the report with a recommendation that they be considered in detail. The Commission suggested the appointment of an expert body to review all civil procedures, to satisfy the public desire for a reduction in the time and cost of legal proceedings.

[For background information on legal services, see COI reference pamphlets *The Legal Systems of Britain*, R6000/76, and *Criminal Justice in Britain*, R5984/78; COI fact sheet *The Legal Systems*, FSB/B6/76; and COI short note *Citizens' Advice Bureaux in Britain*, SN/5658/76.]

Inner Cities Policy

The Government's policy for the future of the inner city areas has been announced. It includes the establishment of Urban Development Corporations to promote the development of London Docklands and the Merseyside Dock Area.

The Government intends broadly to continue with the present policy on inner city areas (see pp 202-4 and 283-4, 1977). This was confirmed by Mr Michael Heseltine, Secretary of State for the Environment, in a statement on 14 September. The aim of the Government, Mr Heseltine said, was 'to make it possible for growth and prosperity to return to the inner cities again. The objectives are to make our inner cities places where people want to live and to work, and where the private investor is prepared to put his money.' While the public sector had a role to play in the Government's policies, Mr Heseltine emphasised that: 'There must be a place for individual initiative and enterprise to get on the move, and for the voluntary sector to make its own effective contribution.' The inner city authorities had a role to play in providing infrastructure and improving the environment, but it was important for them to take a positive attitude to the needs of firms. On the problem of derelict land the Secretary of State referred to his plans for registers of vacant or unused land owned by public bodies to encourage its better and more speedy use. In housing the aim should be to promote a better mixture of types of tenure in the inner city areas.

The Government intends to continue meetings under the partnership scheme (see p 203, 1977), although they will be smaller and less frequent, with the role of voluntary organisations given greater emphasis. Urban aid for 1980-81 will be maintained at about the same level in real terms as in 1979-80 by 'putting . . . resources where people live at the moment, and improving their existing homes and surroundings, rather than decanting them onto green field sites'. Although resources do not permit an increase in the number of towns and cities covered by the partnership and urban programme scheme, the Government will be looking carefully at the basis of selection of authorities in the course of the next year.

The existing machinery, streamlined and adjusted, is considered capable of carrying developments forward in most of the inner city areas, but in the case of London Docklands and the Merseyside Dock Area Mr Heseltine said: 'I do not think that the present arrangements can meet the problems and opportunities of those two areas. In both there is a need for a single-minded determination not possible for the local authorities concerned with their much broader responsibilities.' The Government therefore proposes to set up Urban Development Corporations (UDCs) for these two areas, modelled on the New Town Development Corporations, with powers of planning, land assembly and disposal for private sector development, industrial and commercial development and promotion, environmental improvement, housing and provision of infrastructure. Legislation to establish these UDCs is to be introduced in the coming session of Parliament.

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Consumer protection. Consumer education of adults and consumer information. This publication of the Council of Europe recommends that governments should encourage the provision of consumer education for adults. It also discusses consumer information given on radio and television and through the press, cinema, posters and leaflets. Available from HMSO, 85p. ISBN 0 11 982910 X.

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Annual Report of the British Tourist Authority for the year ended 31 March 1979. The report shows that 12·6 million visitors came to Britain in 1978, 3 per cent more than in 1977. They spent a total of nearly £3,200 million (including fares paid to British carriers), which was some 9 per cent more than in 1977. Expenditure in 1978 was greater than the return from North Sea oil and represented nearly 18 per cent of all Britain's invisible earnings. Available from the Authority at Queen's House, 64 St James's Street, London SW1A 1NF. £1. ISBN 0 7095 0263 X.

Tourism 1979-80. Statements of Marketing Intent. This joint publication of the British Tourist Authority and the English, Scottish and Wales Tourist Boards sets out current objectives, describes marketing programmes and indicates opportunities for participation by the travel trade and regional interests in marketing activities during 1979-80. Available free from the British Tourist Authority, 239 Old Marylebone Road, London NW1 5QT. ISBN 0 7095 0275 3.

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Simple Justice. A consumer view of small claims procedures in England and Wales. Describes small claims procedure and makes detailed recommendations on, among other things, the arbitration procedure, accessibility to litigation and monitoring of the activities of the courts. Also included is a summary of a seminar, organised by the Welsh Consumer Council, at which the main topics were the approach of consumers to the means of advice and redress available and the practice of the county courts. Available from the National Consumer Council, 18 Queen Anne's Gate, London SW1H 9AA. £1. ISBN 0 905653 23 8.

Abortion Statistics 1977. Statistics relating to legally induced abortions in England and Wales in 1977. HMSO, £2·75. ISBN 0 11 690710 X.

Advisory Committee on Alcoholism: Report on Education and Training. In its last report, the now disbanded Advisory Committee on Alcoholism makes recommendations for the education and training of professional staff and voluntary workers to enable them to provide more effective help to problem drinkers. The Committee was appointed in 1975 for three years, but its life was extended by the last Government to enable it to complete its third and final report. Published by the Department of Health and Social Security and the Welsh Office. Available free from DHSS, Alexander Fleming House, London SE1 6BY.

Education in Britain. COI, No 15/RP/79.

Mathematics 5-11 – A Handbook of Suggestions. The study sets out to identify those areas of the teaching of mathematics which, in the view of HM Inspectors of Schools, should be taught to every child, and gives some guidance on approaches which teachers have shown to be effective. HMSO, £2·75. ISBN 0 11 270449 2.

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Case Studies of Industry/Education Links. An account of some local initiatives to encourage a better understanding of industry.
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Printed in England by Brown Knight & Truscott Ltd
and Published by
HER MAJESTY'S STATIONERY OFFICE
75p net

Annual subscription including indices and postage £11.54

H2705 Dd 8034325 K8 OCTOBER/79 1976
ISBN 0 11 725051 3 Vol. 9 No. 10
ISSN 0039—6214